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Loans On Mutual Funds Pay Insurance Premiums

By ROBERT B. MITCHELL

NEW YORK—A system of integrated selling of mutual fund shares and life insurance, with the shares being used as security for loans with which to buy the insurance, is rolling up an impressive sales volume and gathering a vast amount of conversation in the life insurance business here.

The leading merchandiser of the plan, who first brought it out in California, says it is selling a million dollars a week of ordinary insurance, plus a large volume of mutual fund shares. The firm is not yet ready to make an official announcement but it is understood from other sources that this is roughly how the plan operates:

Gives Example

Suppose you're a policyholder with \$50,000 of permanent life insurance, about \$1,000 a year premiums and \$5,000 of cash values, against which there are thus far no loans. You borrow the \$5,000 and put the policy on the minimum deposit or financed insurance basis. With the \$5,000 you buy mutual fund shares—a one-time purchase. By using the minimum deposit basis the premium on the insurance is reduced from \$1,000 a year to, say, \$400. Interest on the policy loan is

deductible, but this is not stressed as a big point in the plan.

So you now have \$5,000 in mutual fund shares, plus \$45,000 in insurance (more if the fifth dividend option is available).

With the difference between the \$1,000 premium you formerly paid and the \$400 you pay on the minimum deposit basis, you put \$600 in mutual fund shares and then borrow back \$300.

Now comes a key point in the setup: Against that \$5,000 in mutual fund shares, you borrow a carefully computed amount each year. The amount is calculated so that if the fund per-

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Life Counsel Assn. Program Completed

The program for the spring meeting of Assn. of Life Insurance Counsel, May 8-9 at the Greenbrier, White Sulphur Springs, has been completed.

Monday morning Edwin M. Jones, assistant general counsel of New York Life, will talk on federal tax liens and their impact on insurance policies and everyday life insurance company operations. Ithamar D. Weed, associate counsel of Western & Southern Life, will discuss pre-existing disease as a defense in A&S policies.

A. Parker Wraith, counsel of Occidental Life of California, will give a review of problems involving conflicting interests.

Following this there will be a panel discussion of problems under the general heading, "This Troubles Me." Squire R. Ogden, general counsel of Commonwealth Life of Louisville, will act as moderator.

Credit Insurance A Topic

Other topics are "Some Misconceptions About Credit Insurance," Charles K. Peters, assistant general counsel Life Insurance Assn. of America; "Permissive Reflections Upon Mandatory Conversions: New York Insurance Law, Sections 162(5) and (6)," James B. Hallett, associate counsel Travelers; "Guaranteed Insurability in New York," Arthur O. Kaiser, assistant general counsel Mutual of New York.

Tuesday, at an informal breakfast meeting W. Lee Shield, executive vice-president of American Life Convention, will present a report on the Washington situation.

The second business session will have the following speakers: Cecil G. King, group counsel Nationwide Life, "Proper Situs of Multi-State Group Policies"; Frederick R. H. Witherby, associate counsel New England Life, "Personal Property Lease Financing—the Lender's Point of View"; Frederick G. Mehlman, attorney National Life of Vermont, "Disability Definitions—Current Trends and Problems."

Following this there will be a debate on the topic "The Connally Amendment Should Be Repealed." The United States declaration agreeing

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Mass. Assn. Urges Delay In Schriver Retirement Date

BOSTON—The Massachusetts Assn. of Life Underwriters board of directors has unanimously adopted a resolution to be sent to the board of National Assn. of Life Underwriters asking that the retirement of Executive Vice-president Lester O. Schriver, scheduled for Dec. 31 of this year, be postponed.

The resolution says: "We believe that the life insurance industry presently stands at a critical point in its history. It is beset by many problems which will call for thoughtful and experienced treatment if they are to be successfully resolved. Some of these problem areas we would identify as:

"1. Continued and aggressive advances in the field of insurance by expansion and proposed expansion of social security legislation.

Irresponsible Attitude Danger

"2. An irresponsible attitude toward the issuance of group insurance which involve jumbo group, group on group, group insurance in the absence of an employer-employee relationship, direct writing of group and the underwriting of group insurance in certain situations where there is a definite intention that it be used to replace permanent and individually owned business life insurance.

"3. An absence of ethics at both company and field levels which encourages twisting and replacement for the sake of volume and bigness without regard for the welfare of the policyholder or the future of our business.

"4. The promotion of gimmick sales techniques such as minimum pay, which is challenging the faith of the public in our product for which many of us have worked hard and diligently for over the past 20 years in order to bring it to its current point of public acceptance.

"5. The agent and the agency system stands in peril because of the current philosophies and attitudes of some

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Variable Annuity Aimed At Immunity From Insurance Law

SEC And State Securities Commissions Seen As Sole Policers Of New Contract

A registration statement was filed this week with Securities & Exchange



George E. Johnson

Commission for the sale of stock in United Variable Annuities Fund Inc., a Maryland corporation, designed to market a variable annuity contract that will not be subject to state insurance department regulation but only to that of the SEC and state securities commissioners. This will be done by issuing contracts that have no guarantees or insurance features. The aim is to avoid the troublesome problem of being regulated both as an investment company and as an insurance company.

George Johnson Executive V-P

Executive vice-president and a director of the fund is George E. Johnson. He is also vice-president and a director of the affiliated United Variable Annuities Management Corp. and is one of the most widely known pioneers and authorities in the variable annuity field. He was one of those who developed College Retirement Equities Fund, the variable annuity affiliate of Teachers Insurance & Annuity. Since then he has been president of Variable Annuity Life and Equity Annuity Life, both of Washington, D.C., and for nearly two years has been a variable annuity consultant at Chevy Chase, Md. The fund's president is Chaun-

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Among United States Life promotional and appointments are, from left, Francis A. Sullivan, elected assistant general counsel; Charles P. Moore, actuarial pension consultant; Cornelius C. Rose Jr., assistant secretary; Waid J. Davidson Jr., associate actuary, and Saul Lesser, associate general

counsel. Mr. Sullivan has been senior real estate attorney of the New York law firm of Debevoise, Plimpton & McLean. Mr. Moore has been in pension consulting work with Kwasha, Lipton & Clark; Alexander & Alexander, and Joseph Froggatt & Co., all of New York. Mr. Rose has been in United States Life's real estate and mortgage department since 1958. Mr. Davidson has been an assistant actuary with United States Life and before that was with Par-American Life. Mr. Lesser, former assistant general counsel, has been in the law department of United States Life since 1948.

North Central LAA Eyes Communication At Kansas City Meet

Listening is a skill which has tremendous potential for salesmanship, Prof. William H. Conboy of University of Kansas told the North Central Round Table of Life Advertisers Assn. at the annual meeting at Kansas City. Listening is the most effective human relations known to mankind, he said. People tend to like people who listen to them.

Prof. Conboy spoke on communications, which he defined as "that meaning which is received." Language does not constitute communication from one person to another—it is people, he said. The heart of communication is a common and shared sense of meaning.

He said there are three common misconceptions about communication. It is assumed language carries meaning itself. There is no meaning in words, only in people dependent on the interpretation of words.

Attitude, he said, is responsible for more misunderstanding than any other thing. There is a tendency for parties involved in communication to believe that it is impossible for the other person to have a different point of view. The world is a tremendously "to me" place, but the most underused phrase is "to me," he said.

The last common misconception is in the area of listening, Prof. Conboy de-

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TRAVELERS LEADERS MEETING

De Witt Sees Next 15 Years As Best Yet In Insurance

A new industrial revolution, one that will surpass the greatest periods of the past and make available twice the capital spending and industrial capacity, was forecast for the next 15 years by J. Doyle DeWitt, president of Travelers in a speech at the company's Inner Circle conference at Hollywood, Fla.



J. Doyle DeWitt

"Unless all the signs of our times are wrong, we are entering a period in which the needs for insurance will be greater and more varied than ever before, in which the opportunities to serve these needs will be more plentiful than ever before," Mr. DeWitt said.

Speaking at the opening business session of the conference, held to honor Travelers' leading producers, Mr. DeWitt said, "The race for the great prizes of the 60s and 70s will go not to the complacent but to the conscientious; not to the satisfied but to the seeking; not to the vacillating but to the vital. They will go to the nations and the people who can sustain the drive to grow. Each individual business, each thriving enterprise is a contribution to that drive which only you can make."

The conference program included informative addresses, clinics and informal discussions in the area of sales, education, special services and advertising.

Awards were presented to agents who qualified for the company's leading agents organizations, the Inner Circle and Order of the Tower. Sixty-four agents received the highest designation, Order of the Tower, for production of more than \$1 million.

More than 20 major changes in the company's life contracts were outlined

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\$30 Million Producer Gives Tips On Organizing Time, Efforts

Specific pointers on how to organize one's time and resources were given by

Philip J. Goldberg, New York general agent and country-wide leading producer of Canada Life, at an all-day meeting of the Salt Lake City Life Underwriters Assn. Mr. Goldberg, a \$30 million a year producer, was the sole speaker. He also spoke on different types of sales, the life agent's role in society, and charitable endowment insurance. The day was the concluding event of the association's first life insurance week.



Philip J. Goldberg

Mr. Goldberg's first tip to the agent who wants to use his time was "know your client."

"Today's buyer of life insurance—at least in the areas that are handsomely rewarding for the salesman—is fairly sophisticated," he said. "He shops for insurance today, just as he will shop the discount houses for a good buy on a TV set. You will almost always find yourself in competition, even in the fairly complicated area of pensions."

"To gain the edge over the competition, you must know how your client thinks, what are his quirks, and what

are his problems. A first meeting with a client in the areas that I have outlined should be devoted essentially to gaining information—about his business, his assets. His policies should be called in for analysis, likewise any trust instruments or wills, so that you are in a position of knowing the maximum about him.

"Where the referral comes through the man's lawyer or accountant, some of this fact-finding can be accomplished ahead of time, so that you might be in a position to review some of the basic ideas with the client at the time of the first meeting. You should always have something visual on hand—even if it doesn't cover the client's present situation. I have

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NAIC Survey Explores Pay Formula Between Blue Cross, Hospitals

Commissioner Sears of Maryland, chairman of National Assn. of Insurance Commissioners' subcommittee to study the problems of reimbursement formulae between hospitals and non-profit hospital service associations, has directed a questionnaire to all commissioners and Blue Cross plans, the purpose of which is to obtain a national picture of current thought, practices, and problems in the field of the subcommittee's area of operation.

Blue Cross plans are being asked to supply factual information regarding their current practices, but the major portion of the questionnaire is in the form of an opinion survey.

The survey covers such questions as payment to hospitals for medical services, variation in payments based on characteristics and location of hospitals, ceilings on per diem hospital charges, funding of depreciation allowances, provision for hospital losses on indigent patients and types of reimbursement formulae preferred.

Respondents are being requested to return the survey by April 17 so that a summary may be prepared for use as a basis of discussion of Blue Cross hospital reimbursement problems at the June 4 meeting of NAIC.

Henry Cabot Lodge Is John Hancock Director

Henry Cabot Lodge, former United States ambassador to the United Nations and Republican candidate for vice-president last year, has been elected a director of John Hancock, succeeding William M. Rand, former president and director of Monsanto Chemical Co., who has retired after 19 years of service as a Hancock director.

Mr. Lodge began his business career as a newspaperman with the Boston Evening Transcript. He served four years in the Massachusetts legislature and was elected a U.S. senator three times before his appointment to the U.N. He is international chairman of Institute of International Education and a general consultant to Time, Life and Fortune magazines in the field of international relations.

American Bankers Life of Miami has declared an initial cash dividend of 10 cents per share and a 5% stock dividend payable June 1 to stockholders of record May 12.

AT LEADERS MEETING

Family Income To Plan Introduced By Equitable Society

Exchanges of advanced sales and techniques and the introduction of a new sales package which of larger amount of coverage in policy years and stresses saving later years were among the highlights of Equitable Society's annual conference for leading producers at Harbour, Fla.

Speakers included several Equitable officers, including President James Oates Jr. The president's trophy for leading agent was awarded to B. Nathan, Chicago, who had \$1 million in 1960 production credits. Nathan received the trophy in 1960.

Panel and room-hopping sessions at the meeting featured the leading producers, who shared sales methods, variety of subjects, including trusts, deferred compensation, dollar plans, group insurance, group annuities, salary savings, disability income, estate liquidity, prestige-building.

The new sales package, a family income to age 65 provision, with Equitable's adjustable whole policy, which, when issued at age 18 or under, includes an increased premium option at 55 to make it paid up at 65.

Coverage To Accumulation

According to J. L. Beesley, vice-president, the provision includes a practically level premium with emphasis later shifting from coverage to accumulation, and provides substantially increased coverage up to 55 and then the opportunity to accumulate a paid up estate during the new years.

Besides the new provision, which may be issued with most other permanent policies, liberalizations in shorter family income periods in amount of coverage available for \$1,000 of basic policy amount was introduced at the conference.

However, S. A. Burgess, vice-president, reminded the leaders "These family income innovations

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North Is Chairman Of New NALU Unit; Members Named

WASHINGTON—Members of a new committee on field relations of NALU have been named by NALU President William E. North.

Committee members are Spencer L. McCarty, Provident Mutual, Albany, and managing director of the New York State association; R. L. McMillon, Business Men's Assurance, Milene, Tex.; Arthur F. Priebe, Mutual, Rockford, Ill.; Robert B. Pinner, John Hancock, Boston; Grant Torgart, California-Western States Life, Cowley, Wyo.; Frank H. Wenner, Connecticut Mutual Life, Utica, N.Y.; Mr. North, New York Life, Evanston, Ill., who will be chairman.

During the annual meeting of the Insurance Assn. of America last December, it was announced that NALU and American Life Convention had set up a joint company association committee to meet with field men in interest of better home office relations. The new NALU field relations committee will represent NALU in any such meetings.



TRAVELERS' LEADING PRODUCER—A warm smile of congratulations is given by J. Doyle DeWitt, president of Travelers, left, and Mrs. DeWitt, right, to Mr. and Mrs. Maurice Linder. Mr. Linder, Travelers' agent at New York, has been the company's leading life agent for 13 of the past 19 years. Mr. Linder was honored for his outstanding production record at the annual meeting of the Inner Circle conference for leading producers at Hollywood, Fla.

This advertisement, supporting Lincoln Life agents, appeared in the Saturday Evening Post and Time.



What many a man discovers after he's retired...

Often he finds too late that the rosy dreams he had of an enjoyable retirement can never come true



The reason, as you may unhappily discover *yourself* some day, is usually lack of money—with little or no hope of getting more.

Once those regular pay checks stop coming, all too many men wake up to the fact that it's not as easy as they *thought* to live on their retirement incomes. Often there's barely enough money coming in to provide the necessities of life. Even when a man earns

a little money doing occasional jobs, he may not get by very well. He's forced to scrimp along just when his time's finally his own and he could start enjoying a leisurely life.

Don't let your retirement turn out this way. Guarantee yourself enough retirement income to live as you'd like by setting up a Lincoln Life retirement plan now. With this economical plan you can retire as young as age 50, if you wish, and you'll have life insurance coverage from it until you begin getting the income. Phone or write your Lincoln Life agent for particulars.

THE Lincoln Life
NATIONAL INSURANCE COMPANY

ITS NAME INDICATES ITS CHARACTER

FORT WAYNE 1, INDIANA

Valentine Howell Comments On Josephson Book; Author Replies

Valentine Howell, executive vice-president of Prudential, has written the following observations about the recently published book written by Halsey D. Josephson, general agent of Connecticut Mutual Life at New York and co-editor of *Probe* fortnightly, dealing with "special" policies, premium gradation by size, terminal dividends and high early cash value policies. In the next column is Mr. Josephson's reply.

By VALENTINE HOWELL

Halsey Josephson's criticism of recent developments in the life insurance industry, as set forth in his book "Discrimination: A Study of Recent Developments in American Life Insurance," seems to have met with an unfavorable reception by some life insurance men. This criticism may stem in part from the author's trenchant and, to say the least, vigorous style of expression. I disagree with much that he has to say, but I think that the book as a whole deserves far more serious comment than it has received so far.

First, I disagree with his objections to "special" high minimum policies, and to "cheaper by the dozen," which in actuarial language is a recognition in dividend scales or in premium rates that policy size is a legitimate element defining "classes" of policies for dividend or for rate-making purposes. He quotes me, correctly, as stating that this innovation raises serious problems for the companies and for the insurance departments, and I reaffirm that view. I believe, however, that the problems must be faced. Obviously, some initial and even some renewal expenses tend to be constant without respect to the size of the policy, or, at the very

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By HALSEY D. JOSEPHSON

I am of course delighted that Mr. Howell believes my book merits serious consideration for there is no one in our business for whom I have greater respect. My gratification, however, is tempered somewhat because he, like a number of others, has used my conclusions as one would a picture gallery—"I like this one, but I don't like that one."

The fact is that I dealt with four inter-related forms of discrimination, each of which bypassed our anti-discrimination laws in the same manner and the sum of which established a precedent that renders those laws practically impotent. By interpreting each new competitive device as a new "class" the charge of discrimination among members of the same "class," the only protection afforded by the anti-discrimination laws, has been made meaningless.

Perhaps I can make this clear in outline fashion. Here goes:

—1. For more than half a century the best minds in the business believed that varying the rate in accordance with the size of the policy was in violation of the state anti-discrimination laws.

—2. The early specials were based

on the preferred risk theory specifically committed under the "equal expectation of life" clause of those laws, and not on the savings due to size idea which was practically unanimously believed to violate the laws.

—3. When the preferred risk myth was exploded, minimum amount specials were introduced. Knowing that rate variation according to size violated the anti-discrimination laws, these specials were made microscopically different from the regular whole life in order to create a new "class." The 1955 NAIC report included this admission: "Although such special forms of policies may be justified on an analysis of costs, the adoption of a special form was considered necessary in order to avoid a conflict with state laws relating to discrimination. This differentiation in policy plans is an artificial one. . . ."

Laws Avoided By Sophistry

—4. Having admitted then that a clash with the anti-discrimination laws was avoided by sophistry, the state insurance commissioners then approved premium gradations by size on the theory that "if the expense per policy may be introduced in computing gross premiums on a special policy form, the same principle may be used in computing gross premiums by amount of insurance. . . . This is merely an extension of the principle underlying special policy forms."

In short, the basis on which gradations by size were approved was the fact that the commissioners had previously blessed specials when they admittedly were aware that an "artificial" distinction had to be made "in order to avoid a conflict with state laws." A minor error was thus used as the justification for a major one.

—5. As a result, the word "class" in the anti-discrimination laws was stretched to include size. This "size" interpretation obviously permits not only rate variations but any other kind of variation as well. We now have discrimination in cash values and policy provisions as a result of which the small buyer is paying a higher price—not for the same product but for an inferior one, a condition that unfortunately was not foreseen, and is not now condoned by many of the original premium gradation enthusiasts.

N.Y. Department's Dilemma

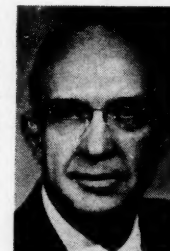
—6. The best illustration of the damage done by the "size makes class" theory, the legal basis of premium gradation, is the dilemma the New York department found itself in in attempting to ban as discriminatory the high reserve minimum deposit policies. Its regulation 39 includes these words: "Where, by departure from its regular pattern of computation of cash values, a company provides more favorable early cash and loan values on certain policies than on other essentially similar policies, the granting of such values is hereby construed to constitute an unfair discrimination between individuals of the same class and equal expectation of life in contravention of section 209 of the insurance law."

Suddenly the department realized that if size doesn't create new "classes" for discrimination in cash values, it doesn't create new "classes" for discrimination in premiums either. Thus, if it didn't wish to turn the clock back and damn premiums graded by size, it couldn't allow its own regulation 39 to stand. Having already concluded that high early cash values were discriminatory, it was forced to renege. Its "Actuarial Bureau Standards in Applying Regulation 39" did a sharp

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Wagner, 10 Others In New Positions Republic National

Appointment of E. H. Wagner, senior vice-president and actuary



E. H. Wagner



Thomas M. Mott

charge of the actuarial division, to senior vice-president and chief actuary heads a list of interorganization changes by Republic National.

Thomas M. Mott, vice-president and actuary, statistical, becomes senior



Robert P. Brady



Jesse E. Flick

vice-president and controller, and Robert P. Brady, vice-president and actuary, reinsurance, now is vice-pres-



Jack Daniels



Malcolm Thomas

ident and actuary in charge of the actuarial division.

The position of reinsurance actuary will be filled by Jesse E. Flick as vice-president and actuary. He was a field vice-president.

Robert E. Baines, assistant actuary, actuarial, has been appointed assistant vice-president, electronics, and New

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(GPL)

INCREASING PREMIUMS FOR 7 YEARS

AGE	1st year	8th year
25	\$ 4.79	\$13.68
35	6.96	19.88
45	10.61	30.31

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Health Council's Accomplishments, Aims For Future, Reviewed At Annual Meeting

What Health Insurance Council has accomplished to date in its relations with the providers of medical care, what it will do in the future, and what more it can and must do was explored during the council's annual meeting at Chicago.

The work of the council is only beginning, Raymond F. Killion, the newly-elected chairman of HIC, told the meeting. Mr. Killion, who is 2nd vice-president of Metropolitan Life, declared that it would be his administration's goal "to establish working relationships founded on complete cooperation backed by mutual understanding and respect with the providers of health care at the local level—the working level. This means the office of the individual physician, the admitting office and credit office of the individual hospital."



Raymond F. Killion

tempted short cuts by some private groups that could affect adversely the quality of medical care and the interests of the medical profession and private insurance. Even more grave is the effect upon men's minds and their attitude toward proposals of government invasion of medicine.

"We know that the problem of cost would become even more acute were such proposals enacted into law but this will not stop people from demanding government medicine if they feel private medicine has become prohibitive in price."

Need For Discussion

R. E. Jones, associate secretary of the American Hospital Assn.'s council on Blue Cross, financing and prepayment, pointed out that there is a need for discussion between the Blue Cross and the insurance business of their differing philosophies.

Mr. Jones spoke as a member of a

panel on hospital attitudes, projects and problems. Other panel members were Leon Pullen Jr., administrator of the Decatur & Macon County Hospital in Illinois, and Harold Hinderer, financial consultant to Catholic Hospital Assn. Panel moderator was L. A. Orsini, HIC vice-chairman and assistant director of information and research of Health Insurance Assn.

Mr. Jones said there is room and need for mutual endeavor between Blue Cross and the insurance business, and he proposed that these groups along with medicine, hospitals and other interested agencies take the responsibility for implementing the recommendations of a study conducted by the Commission on Financing Hospital Care. These recommendations were aimed at improving the efficiency and effectiveness of prepayment and insurance plans, including the development of more adequate benefit provisions and the more efficient use of funds.

"The hard work put forth by Health Insurance Council over the past several years is beginning to bear fruit," Roger N. White, director of medical services and economic research of Illinois

Medical Society said during a panel discussion of liaison between the medical profession and the insurance business.

Other panel members were Howard O. Brower, assistant secretary of the American Medical Assn.'s council on medical service, and B. S. Rowland, co-chairman of the western Pennsylvania committee of the HIC and district group claim manager of Prudential. Panel moderator was Albert V. Whitehall, vice-chairman of the HIC.

Mr. White said the machinery is available on the state and district levels in Illinois to do a good liaison job on problems of mutual interest to doctors and insurance men.

It is not enough to have physicians interested, said Mr. White, insurance companies must be prepared to utilize the machinery once it is set up.

"About the worst thing that can happen is to get something started and have it fall apart for lack of uses—it may not get started again for another five years," he said.

Georgia International Life's March paid volume exceeded \$5.5 million, a record.

Health Insurers Should Meet

Arthur M. Browning, outgoing chairman, in his report, said that it is more imperative today than ever for health insurers to meet, analyze and solve the problems which arise in the field of financing health care costs.

Mr. Browning, who is vice-president in charge of group insurance of New York Life, said these problems

Raymond F. Killion, 2nd vice-president of Metropolitan Life, was elected chairman of Health Insurance Council, succeeding Arthur M. Browning, vice-president in charge of group insurance of New York Life. Named chairman-elect to succeed Mr. Killion was C. Manion Eddy, senior vice-president of Connecticut General.

must be solved because voluntary health insurance has become the instrument of choice of a vast majority of all Americans.

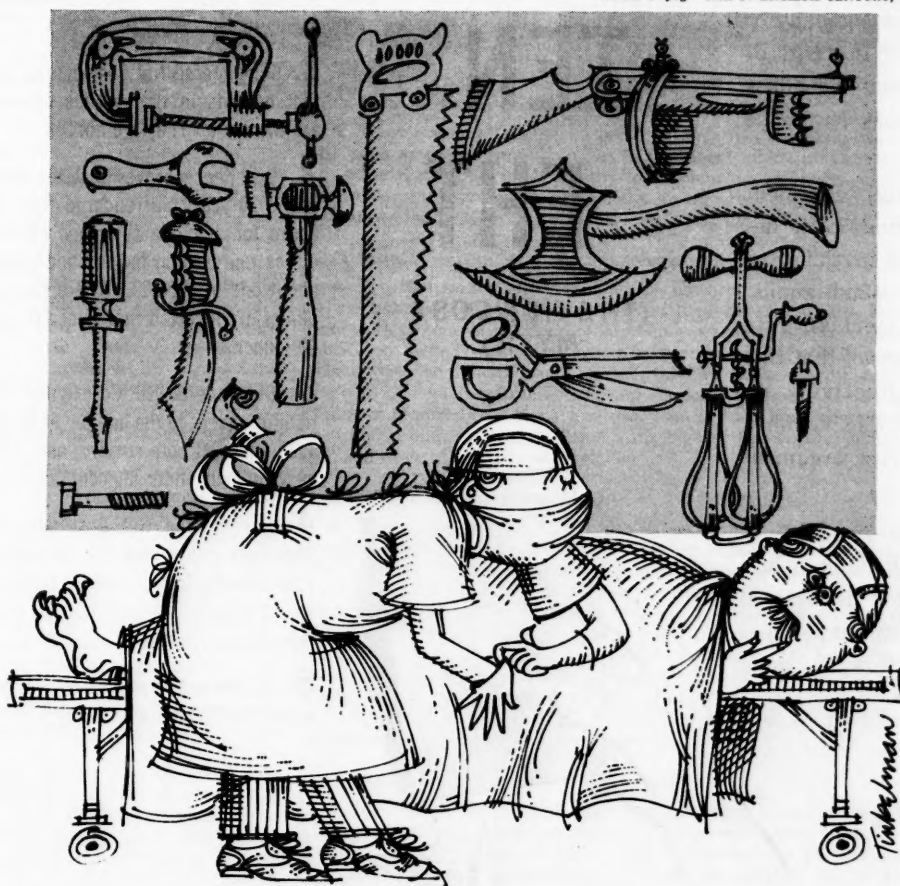
"To do otherwise would be a breach of faith with those millions who entrust their monies with us," he declared.

A solution of the problem of the cost of health care seems to be handicapped by the old American pastime of passing the buck, he said. "Insurance companies have a tendency to cast blame on doctors and hospitals, yet do little about excessive charges and utilization so long as they can get adequate premiums from their policyholders. Employers blame the doctors and hospitals and talk about exorbitant premium rates of the insurance companies but often resist policing of claims because of its feared effect upon employee relations. Unions may insist upon unsound plan features and then have to demand higher contributions from employers to pay for them.

Little Incentive To Cut Costs

"The purveyors of medical services are human and in the prevailing atmosphere have little real incentive to reduce costs so long as criticism is general rather than specific and so long as insurance companies and employers pay most of the bill," he said.

This attitude would be bad enough if it resulted only in increased medical care costs, Mr. Browning noted. "But under today's conditions we see at-



The right tools help make the job a lot easier

Little job...big job, there's nothing like having a good selection of tools handy. Whether a Prudential representative works on a small sale or a big sale—he can always depend on Prudential's complete and co-ordinated Advertising & Sales Promotion Program. It offers a good selection of advertising and promotion materials to help make his selling job easier, faster and smoother. Prudential representatives can expect—and get—a variety of hard-working promotion pieces, a continuous coast-to-coast Sunday Newspaper Supplement Campaign, and the added support of Prudential's award-winning TV show—"The Twentieth Century." These "right tools" are always available to help every Prudential representative bring more protection to an ever-increasing number of clients.



TO OVER 35 MILLION PEOPLE — INSURANCE MEANS PRUDENTIAL

Scores AAUTI Name Change, Offers Others

George W. Goble of Hastings Law School, San Francisco, outlines his reasons for opposing the change that has been suggested in the name of American Assn. of University Teachers of Insurance, in a letter to that group:

As a long time member of the AAUTI, I am opposed to changing its name to the "American Assn. of Risk and Insurance." Briefly my reasons are as follows:

1. The name is not descriptive of

the association's functions.

2. The name is not descriptive of the association's membership.

3. In the name, "Risk and Insurance" describe the composition of the society. But in no sense is the organization an "association of insurance" or an "association of risk." It is an association of persons devoted to the educational and scientific aspects of insurance.

4. The name is not grammatical.

There cannot be an association of an insurance, nor an association of a risk, any more than there can be an association of a person or an association of an automobile. It requires more than one to form an association. It certainly is not meant in the new name that the association consists only of a risk and an insurance.

"Risk" Is Redundant

5. The inclusion of the word "risk" is redundant. In so far as "risk" is relevant, it is included in the word "insurance."

6. The name is not dignified. It sounds as if it may refer to some new

insurance gadget of agents or brokers. It does not sound like the designation of a learned society.

7. It is only one word shorter than the old name. This is not enough gain in brevity to pay for the loss of meaning.

8. I agree that the name should be changed for the reasons set out in my letters. But I prefer the old name to the proposed one.

I suggest some such name as American Insurance Academy, or American Insurance Society. In names "Insurance" is used as an adjective to describe the character, the composition, of the association is clear that Academy in the suggestion and Society in the name indicate an organization of persons. These names convey the idea of a society of learned persons working in the field of insurance. It is significant that the societies belonging to American Council of Learned Societies have such names as American Philosophical Society, American Economic Association, American Political Science Association. The word that describes the character of the society in each instance is an adjective.

Either of the names suggested adequately describes the expanding nature of our association, and is shorter and easier to remember than the old name.

Inter-American Forum Slated For Jan. 7-13 At University Of P.R.

The 2nd Inter-American Forum for Advanced Underwriters has been scheduled for Jan. 7-13, 1962, at the University of Puerto Rico, Rio Piedras.

The forum, which is co-sponsored by the universities of Puerto Rico and Illinois, is conducted with a high degree of audience participation under discussion leaders chosen from the industry.

Drawing attendance principally from the United States, the forum's enrollment is limited to 35, exclusive of wives. Registrations are handled through the University of Illinois' bureau of business management.

Program Printed For IASA Meeting In May

Members of Insurance Accounting & Statistical Assn. have received copies of the advance program for the annual meeting May 14-17 at Los Angeles. This is probably the most elaborate of all insurance programs, consisting of 13 printed pages of events in three days of business sessions, divided into life, fraternal, group, A&S, debit, fire-casualty and electronics.

Those attending the convention must make a number of choices in advance as to what sessions they will attend. Exclusive of the electronics sessions, there are 67 meetings which will be conducted by 185 IASA members.

IASA will be holding its 39th meeting in May. The organization has developed into one of the significant insurance associations with a large membership and a large attendance at its meetings.

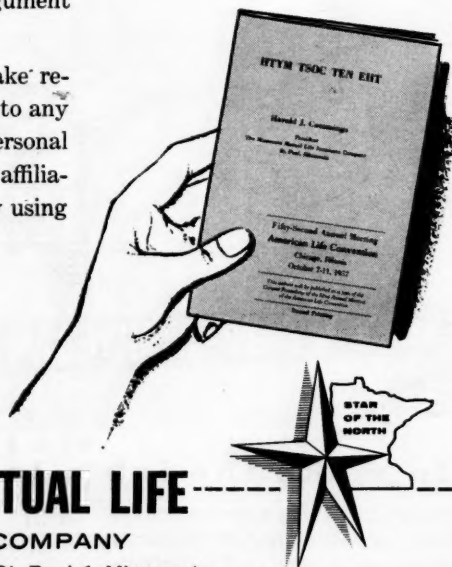
Western States HO Club Slates Annual For Rancho Santa Fe, Cal.

Home Office Club of the Western States will hold its annual meeting June 5-6 at The Inn, Rancho Santa Fe, Cal. Problems of life underwriting will be featured on the first day, with the second day taking up A&S and group problems.

NOW AVAILABLE FOR YOUR USE...

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(THE NET COST
MYTH)



The life insurance industry has lumbered along for years with the myth that "surrendered net cost" figures are a sound basis for choosing one life insurance company or plan of insurance instead of another. This has created conflicting claims that must leave the public confused.

Harold J. Cummings, President of Minnesota Mutual Life, debunked the "net cost myth" in an address before the 52nd annual meeting of the American Life Convention. Reprints of that talk have been used effectively by Minnesota Mutual Life fieldmen whenever the net cost argument arises.

We are pleased now to make reprints of this talk available to any life insurance man for his personal use, regardless of company affiliation. Request your copy by using the coupon below.

THE MINNESOTA MUTUAL LIFE

INSURANCE COMPANY
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Please send me a copy of "HTYM TSOC TEN EHT (The Net Cost Myth)." I am enclosing 20¢ to cover cost of printing and mailing.

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BIG NEWS for the YOUNG PROSPECT ON HIS WAY UP

A dynamic new line of life insurance plans, based on the new 1958 CSO Mortality Table and a new policy pricing system, backed up by new modern merchandising, is now offered by one of New England's oldest mutual companies.

The new line includes special level and graded premium plans calling for unusually low outlay. There's an unprecedented choice of riders and benefits including family income up to 50 years, mortgage protection up to 30 years, level term, wife term, family plan, guaranteed insurability option and many others. These, coupled with the various conversion and add-on privileges permit plans to be tailor-made to present and future needs, all at outlays so low you wouldn't believe they were backed by one of the nation's oldest, most reputable companies.

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BERKSHIRE LIFE
INSURANCE COMPANY
PITTSFIELD, MASSACHUSETTS
A MUTUAL COMPANY FOUNDED IN 1851
LIFE, ACCIDENT & SICKNESS,
PENSION PLANS, ANNUITIES

Southwestern Life Installs IBM 7070-1401

Southwestern Life, for an estimated \$1,300,000, has purchased the IBM 7070-1401. The high-speed, electronic data processing equipment is located in the company's home office building in a specially designed and air conditioned room featuring a "floating" floor.

As stockholders, directors and company officials looked on, Southwestern's administrative vice-president, Leon W. Ellsworth, pressed a button, lights flashed on a control panel and a "demonstration run" was set into action on the electronic system that contains more than 41,000 transistors, and 12 magnetic tape units.

Mr. Ellsworth, who postponed his retirement to supervise the installation of the IBM 7070-1401, said that the business system will assume a wide variety of major functions, such as issuing of policies, reserve valuation, premium billing, actuarial research and accounting.

The new equipment, which will be completely operational in April, will permit the company to have a consolidated master file on magnetic tape of individual records on some 400,000 policies. All of these records will be reviewed and up-dated daily in a matter of about 3½ hours—a procedure which was impossible with previous electronic equipment used.

Ability To Sort Information

The tremendous speed of the IBM 7070-1401 is further illustrated by its ability to sort information. For example, as a by-product of the daily review of policy records, the computer system can make a complete list of names and addresses on the 400,000 life policies; and in four hours or less the electronic unit can sort the 400,000 names and addresses by states and cities, eliminating duplicates. This list will be available on tape for any mailing the company may wish to make.

The electronic system, which stores information in great volumes within a magnetic "memory" core, will eventually become a complete record-keeping system for the company.

As the IBM 7070-1401 is further "programed," it will provide management with current and concise reports on sales, market research, product development, and other pertinent business functions. Because of the amount of time required to prepare them, these reports were impractical in the past.

A pioneer in the use of electronic business equipment, the company has been leasing an IBM 650 system since 1958, but will "release" it to IBM when the new system is completely operational.

None of Southwestern Life's employees will be displaced by the new equipment. Those affected will be absorbed into other jobs created by the company's expanding operations and the upgrading of positions resulting from the installation of the electronic equipment.

San Antonio A&S Men Elect Moeller President

San Antonio Assn. of Health Underwriters elected the following officers at the March meeting: Wesley T. Moeller, Prudential, president; John W. Lewis, Paul Revere Life, 1st vice-president; Roland M. Aycock, Southland Life, 2nd vice-president, and Leroy W. Smith, Great Southern Life, secretary-treasurer.

Questions and Answers About RENEWAL COMMISSION LOANS

Because of the growing interest in renewal commission loans, Life Underwriters Service Corporation of Denver, Colorado, one of the leading companies among the limited number of firms in this field, offers the following information about these loans.

Q What is the purpose of a renewal commission loan?

A Vested renewal commissions are similar to savings stored away by insurance men much as money is deposited in a savings account. The function of a company such as Life Underwriters Service Corporation is to make these savings available for withdrawal when needed. This service is a highly specialized one, and may not be available readily from other types of financial institutions.

Q How does an agent use this type of loan?

A He may use it to consolidate debts, to make large purchases, the down payment on a home, or for family emergencies, taxes, or many other personal expenses resulting from demands of modern living. He may also use it to augment his income by providing working capital for added office space, advertising, secretarial help, travel, entertainment, or a life insurance training course.

Q Do general agents use these loans?

A They use them for the same personal reasons as individual agents. They also use them for additional working capital to pyramid earnings by expanding their agency, adding space, remodeling offices, and training and financing new agents. Sometimes they can use them to meet various requirements to qualify for bonuses that otherwise would be lost.

Q How do the companies benefit from these loans?

A Many insurance companies prefer to have renewal commission loans handled by a firm such as LUSC specializing in this business which arises from the insurance field but otherwise is not closely related to it. Then too, advances or loans to agents by an insurance company cannot be included in admitted assets and tend to reduce the apparent strength of the company by reducing the policyholders' surplus.

Q What is the cost of a renewal commission loan?

A The charges for these loans are highly competitive. They are based on the costs of the business and do not yield excessive profits. They vary, however, from time to time as the general availability of money changes. The maximum rate charged by LUSC on vested renewal commission accounts has been 6 percent, discounted by adding \$60 per thousand per year into the face of the note, plus a one-time flat service fee of 3 percent for documenting and servicing the loan. At this rate, the monthly installment required to retire a four-year loan is \$26.61 per thousand. The relatively low monthly installment is a principal advantage of this type of loan. Shorter term loans, two and three years, are also available.

Q What is the maximum loan?

A The maximum amount of a loan is based on estimated future receipts from vested renewal commissions projected by years according to probable mortality and lapses. The minimum information needed for this estimate usually is paid-for life insurance written, annual premiums created, and renewal commissions received by years. More information may be requested on complex accounts. In general, detailed information allows LUSC to make larger loans. In the experience of LUSC, insurance men operating on a large scale often can realize massive profits by converting renewal commissions to cash. They usually request the maximum loan that can be supported by their accounts, which sometimes exceeds \$100,000.00. Often, however, it is desirable to leave money in the renewal commission bank by taking a smaller loan and retaining a margin for an increase if needed later.

Q When and how are installments paid?

A Installment payments are stated on a monthly basis but are adjusted to the paying procedure of the insurance company or its general agent. Sometimes all renewal commissions are paid direct to LUSC, which then deducts the amount of the installment due and sends the remainder to its client immediately by air mail. Under another arrangement, LUSC receives only the payment due on the loan, while the company pays the remainder direct to its agent. In general all renewal commissions are applied toward retirement of the loan when a contract has been terminated.

Q Can renewal commission accounts be sold outright?

A LUSC will quote a purchase price on any vested renewal commission account of appreciable value. As a practical matter, however, the owner of the account invariably prefers a loan, because the loan value of an account exceeds its purchase value.

Q How long does it take to complete a loan?

A LUSC realizes that most clients are in a hurry to complete loans, and therefore does everything practicable to speed the procedure. Correspondence is handled by air mail; telephone calls and telegrams are used when helpful. Often loans can be completed within a week to ten days.

For further information, write Life Underwriters Service Corporation,
Security Building, Denver 2, Colorado.

'61 Will Be A Good Year, Mass. Mutual GAs Told At Meeting

Inventory adjustments, the principal cause of the current recession, have just about run their course, business activity will gradually improve and, on the whole, 1961 will be quite a satisfactory year, President Leland J. Kalmbach of Massachusetts Mutual Life told the company's general agents' association at their annual meeting in Santa Barbara, Cal.

"Frankly, I can't become very pessimistic about the business outlook when it is considered that in February employment reached a new peak for that month, and when gross national prod-

uct is running within 1% of the all-time high," said Mr. Kalmbach.

Industry now is more efficient than



Kenneth W. Perry



Leland J. Kalmbach

ever, he said, which means that corporate profits will improve quickly with a gradual increase in sales, thereby bringing about a more optimistic feeling generally.

"I think this is important," he said,

"because experience has shown that the level of business activity is dependent to a great extent upon the outlook or the psychology of the average consumer."

As for Massachusetts Mutual, he opined that especially in view of the fine progress in January and February, optimism for 1961 is fully justified and that "this time next year I fully expect we shall be congratulating each other upon another record year of production."

The company's share of the total ordinary business delivered in the United States in 1959 and 1960 increased about 28% over 1951. Vice-president Kenneth W. Perry said the company's share had gone from 1.56% in 1951 to about 2% in 1959-60. He said manpower growth was a key factor in this development.

Analyzes Business Sources

During 1959-60, about half of the ordinary business came from first-through-fifth-year men. In the five-year period before the start of the first manpower campaign, first-through-fifth-year men contributed only 29% of the total ordinary volume. Mr. Perry said that in addition to what the new men sell, they affect the old organization by recapturing and maintaining enthusiasm among veterans. Also, new manpower develops and fosters agency pride—it gives growth to all because of the pride of being a winner in a winning agency.

E. Leo Smith, Indianapolis, talked on the qualities that agents want in their general agents. General agents, he said, must teach their men to be good business men.

"All of our men want to get ahead financially," he pointed out. "But today's needs and desires are so pressing that this is a real problem for the men just as it is for us. In my opinion as many men fail in our business as a result of living up to their best months as because of lack of sales ability. Worry over finances has caused more slumps than poor prospecting. It is our duty and obligation to know every man's financial picture. The men expect and welcome our help."

A number of individual and agency awards were presented. The New York-Copeland agency headed by Harry C. Copeland Jr., received the President's trophy. Runners-up were the Geist agency, Chicago; Los Angeles, Robert L. Woods, general agent; Atlanta, John R. Humphries, general agent, and the Lizotte agency in Newark.

Plaques for writing the highest percentage of quota in their respective groups in the annual Quota Buster contest last November, and then de-

How 'Giant Brains' Affect Management Analyzed By Slater

"The technological advances represented by electronic computers cannot

be imposed on our existing managerial systems and attitudes without making far-reaching changes in our organizational structures," Robert E. Slater, senior vice-president of John Hancock, told the annual seminar on the effects of automation on management of American Institute of Banking at Boston.

Emphasizing that the value of computers depends on management, Mr. Slater said that only now is the full potential of data processing machines being realized. Computers will become even more indispensable as business continues to expand more and more rapidly, because electronic computing has become the best available means of producing large volume information accurately and quickly.

Problems For Management

Mr. Slater said that solutions must be found to several problems if management is to realize the full benefit of data processing tools:

—The need for a reorientation of management personnel. While top management has been extremely alert to the affects of office automation on clerical personnel, Mr. Slater said, the same efforts of orientation have not been brought to bear on middle management, and it is the managers who will be most affected by the continuous changes of alteration and expansion.

At least 75% of this total by the end of February, were presented to General Agents Clarence E. Pejeau, Cleveland, Walter S. Robbins, Bridgeport, Conn., Marvin E. Sample, El Paso, and Robert B. Ritter Jr., Oakland, Cal.

Manpower awards for recruiting and sales achievements of newly recruited representatives were given to Gordon S. Miller, Philadelphia, Carl F. Tagge, Houston, Walter S. Robbins, Bridgeport, Conn., and Con Kelleher, Billings, Mont. The group insurance leadership award was presented to the Jordan agency, Chicago.



Robert E. Slater

LIFE GENERAL AGENT OPPORTUNITY for CAREER

agents and general agents who meet the following requirements:

- ★ Self starting and a desire to run your own business.
- ★ Aggressive, ambitious and with good references.
- ★ Over 27 years of age.
- ★ Personal or agency Life production of over \$500,000 in 1960.
- ★ No previous management experience necessary but helpful.

Central Standard's New Expansion Program brings to you:

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- Top agents and General agents commission.
- New audio-visual program.
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- Complete line of Health Insurance.
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- Ideas, flexibility, service, competitiveness and quality.

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Vice President and Director of Agencies

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LIFE AGENCY DIRECTOR

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An opening in one of the east's largest and progressive companies calls for an experienced and well qualified candidate. His duties will consist chiefly of recruiting and special projects. It is a Home Office role which calls for a hard driving, imaginative man with a strong record of proven accomplishments.

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A & H SALES MANAGER

\$15,000

Leading A&H company in Chicago area needs the experienced leader to assume role of national sales director. Will have backing of well organized sales promotion dept.

Refer to Job #N-375

PENSION CONSULTANT

\$9,000

Large midwestern company is looking for a young man to assume an important management role in fast developing Pension Department. Must possess strong selling ability.

Refer to Job #N-376

LIFE AGENCY DIRECTOR

\$20,000

A rapidly expanding New England company must have a high caliber Director with combination background. Will head the Ordinary sales throughout country. Phenomenal growth of this company in last few years is unparalleled in their history.

Refer to Job #N-377

Send for our brochure, How We Operate.
No obligation to register.

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HARRISON 7-9040

Chicago 6, Ill.

Baltimore Life Moves into New \$2 Million Home Office Building

BALTIMORE—Baltimore Life has moved into its new home office building here in Mt. Royal Plaza, a midtown redevelopment area. Total cost of the structure—site, building and landscaping—will come to more than \$2 million.

The company has won considerable credit for its pioneering step of being the first private developer of urban renewal land in the city. Baltimore Life has also said it is the first life insurance company to build on urban renewal land in the United States.

The new building is situated on a five and one-half acre tract within the 74-acre plaza, which contains the Maryland State Office Building, State Bonds Commission Building and the Fifth Regiment Armory.

The form and appearance of the building were determined, in large measure, by the nature of modern insurance business procedures. For example, large contiguous work areas were laid out in response to a recent industry trend in the direction of job broadening—away from the traditional, highly departmentalized concept of the past.

Five Levels

Five levels inside the building—three floors above ground and a ground floor and basement—yield 65,000 gross square feet of work area. Each of the three main working floors provides 10,000 usable square feet. Over-all efficiency of the structure is 74%.

The building has a reinforced concrete basement foundation, structural steel framework and cellular steel floors. The outside is faced with limestone with granite panels for accent at ground level.

Extensive landscaping is scheduled, including a reflecting pool and patio using natural stone, tree and shrub plantings and a terrace garden. There will be parking space for 130 cars. Aside from its 6'x6' module layout, many offices are divided by files rather than permanent walls for efficient use of space.

Building is fully air conditioned and wired throughout for piping music into the various offices. Vinyl asbestos tile is used on the floors, and the ceilings are made of the acoustic metal pan type with recessed fluorescent lighting.

Construction took slightly more than a year.

Equitable Of Iowa Names R. L. Boyd Master Agency Builder

Robert L. Boyd, Kokomo general agent of Equitable Life of Iowa, has been named that company's master agency builder for 1961, the highest honor which the company annually awards to one of its general agents.

Attainment of the designation is based on pre-eminence in organization, production, conservation, average size policy and other major factors of agency building.

The son of the late Lowell T. Boyd, the company's Kokomo general agent for 29 years, he joined his father in 1939 as an agent there.



R. L. Boyd



accommodate 130 cars. Building is laid out in a precise 6'x6' module, meaning that a partition may be located at any multiple of six feet in either direction without disrupting lighting, air conditioning, electrical or telephone facilities.

Life Insurers' Reports Reflect Good Year

CONSUMERS NATIONAL

Consumers National Life reports a profit of \$50,448 for 1960, its third year of operation. This compares with a deficit of \$96,019 in 1959. Insurance in force reached \$31,121,902 on Dec. 31, compared to \$25,936,532 a year earlier. Premium income increased to \$708,293 from \$602,639 in 1959. Total income from premiums and investments was \$904,932 against \$724,066 in the prior year. Assets increased 15% to \$2,713,051 at year end, compared to \$2,362,996 a year earlier, and surplus rose to \$935,051 from \$904,263.

FIRST NATIONAL RE

First National Re of Indianapolis reported assets of \$1,336,285 in 1960, an increase of 102%. The company was organized in late 1959 and exclusively reinsures life and A&S.

NORTH AMERICAN L.&C.

Sales of North American L.&C. in 1960 amounted to \$178,965,000, a gain of 15%, and insurance in force was \$1,033,401,127, up 9.4%. A&S sales were up 7.7%. Premium income amounted to \$19,265,000 for a gain of 12%, and assets increased 14% to \$44,495,958.

Standard Security Of N.Y. Seeks SEC Registration Of Common Stock Subscription

Standard Security Life of New York filed a statement with the Securities & Exchange Commission seeking registration of 162,000 shares of common stock, which it proposes to offer for subscription by stockholders of common stock and class A stock on the basis of two shares for each five shares held.

SEC said, "No underwriting is involved. Nine directors have agreed to purchase any shares not subscribed to (in addition to shares purchasable by them pursuant to the rights offering)."

"The net proceeds from the stock sale will be added to general funds. Substantially all of the proceeds will be invested initially in income producing securities and, thereafter, will be used to finance the company's operations, set up proper reserves for business to be written, expand agency operations and increase business."

"The company has outstanding 150,000 shares of class A and 255,000 shares of common stock," SEC reported.

American Mutual Life of Des Moines set new records in March. Submitted business was the largest ever, with a 24% gain over March of last year. Paid-for ordinary also set a new record and was 21% greater. The company is showing a 9% gain in paid ordinary life for the first three months of this year.

Baltimore Life's new home office building, the total cost of which when finished—site, building and landscaping—will be more than \$2 million. Outside of building is faced with limestone with granite panels for accent at ground level. Parking area will

Occidental Of Cal. Buys \$1.7 Million EDP System For HO

Occidental of California has purchased a \$1.7 million electronic data processing system for home office installation.

The new equipment includes a fully-transistorized IBM 7070 solid state computer, three IBM 1401 computers, three high-speed printers, eight magnetic tape units, and six high speed card handling units. The system will replace two IBM 650 systems now operating 14 hours a day.

Plan Data Processing Center

Upon completion of the first building in the company's new Occidental Center complex in January, 1963, a data processing center will be installed to accommodate the new equipment. While some of the components will be installed this summer, delivery of the 7070 will coincide with the completion of the new building.

Four years ago, Occidental became the first life company to issue insurance policies electronically.

NOW RENEWAL GUARANTY CORPORATION ANNOUNCES 4 NEW EXCLUSIVE BENEFITS ON RENEWAL COMMISSION LOANS

1. Long term repayment plan
2. Interest on unpaid balance only
3. No service fee or commission charge
4. Loans are non-demand and non-callable

A General Agent or agent can easily convert his Vested renewal commissions to cash now. Loans from \$2,000 to \$100,000. We are presently doing business with over 80 U. S. Life Insurance Companies in 45 states and two foreign countries. During the past 9 years, this corporation has loaned over ten million dollars to the Life Insurance Fraternity. We assist life underwriters to become even more successful.

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RGC

RGC's President, John H. Weber, has been a member of the NATIONAL ASSN. OF LIFE UNDERWRITERS over 15 years.

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Company.....

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City.....Zone.....State.....

Suffering From Call Reluctance? Psychologist's Rx: Capitalize On Fear

For those who are suffering from a persistent case of call reluctance—a tendency to avoid making sales contacts, whether in person or by telephone—a Denver psychologist has the following remedy: Capitalize on that fear and turn it into an asset.

Speaking before a meeting of Colorado Assn. of Life Underwriters, David W. Merrill, of Reynolds, Merrill, Brunson & Associates, Denver person-

nel psychologists and industrial engineers, said that some will argue that call reluctance stems from a lack of drive, a lack of aggressiveness, a lack of guts, a lack of self-confidence or a lack of will-power. Actually, however, call reluctance is an indication of something present, not a lack of something, Mr. Merrill suggested.

Probably every individual who's ever been in a sales position experi-

ences, to some degree, call reluctance, he said. Consequently, it is not so much a question of whether one has it, as it is a matter of degree.

Fearful Or Anxious

Why is a person call reluctant? An individual avoids calls because he is fearful or anxious—and the anxiety is great enough that it causes him to direct his efforts away from calls rather than toward calls, Mr. Merrill stated. Naturally, all call reluctant persons will go to great lengths to prove that they aren't anxious, aren't fear-

ful. And the smarter the agent is, the more fantastic the rationalizations come.

There is no reason to be afraid of this fear, the speaker advised. But it is a matter of what the agent does with his fear that makes the difference between the outstanding salesman and the call reluctant failure. The fear can be reduced by making successful, personally gratifying calls. The man will rise to the top; if he tends to increase the fear, that he will inevitably leave the business.

Capitalize On Fear

Capitalize on fear, Mr. Merrill urged. One can't eliminate fear, so make it work. Situations invariably will arise that are shot through with tension, pressure, frustration—and when the salesman learns to live with this, when he, in other words, stops running away from fear but accepts it, that man will make a good living as a salesman.

How to harness this fear? It is a mistake to attempt to use will power. Everything ever learned in psychology points out that when an individual tries to rationally or logically control or hide his fear, he is more than likely to get himself into even more difficulty. The trick is to use a certain amount of reasonableness to release fear and make it go to work in the right direction.

Mr. Merrill said it might be used to think of fear as success fuel. The fuel, however, has one peculiar characteristic: It can't be stored. It must be used as it is generated. Some can be put in a tank and used when needed. But success fuel must be burned as soon as it is produced. The agent cannot do this by sitting at his desk and trying to burn it. If he tries to store it, avoiding tendencies will increase and his call reluctance will begin to show.

The speaker warned his listeners that if the increased activity still does not burn off all the fear generated, no matter how hard the salesman works, he must face up to the fact that perhaps he is in the wrong business. As a sort of side-note, Mr. Merrill marked that those who recognize the value of the presence of fear never be concerned about introducing any more—there is plenty of fear in the business already and it is necessary to utilize what's there.

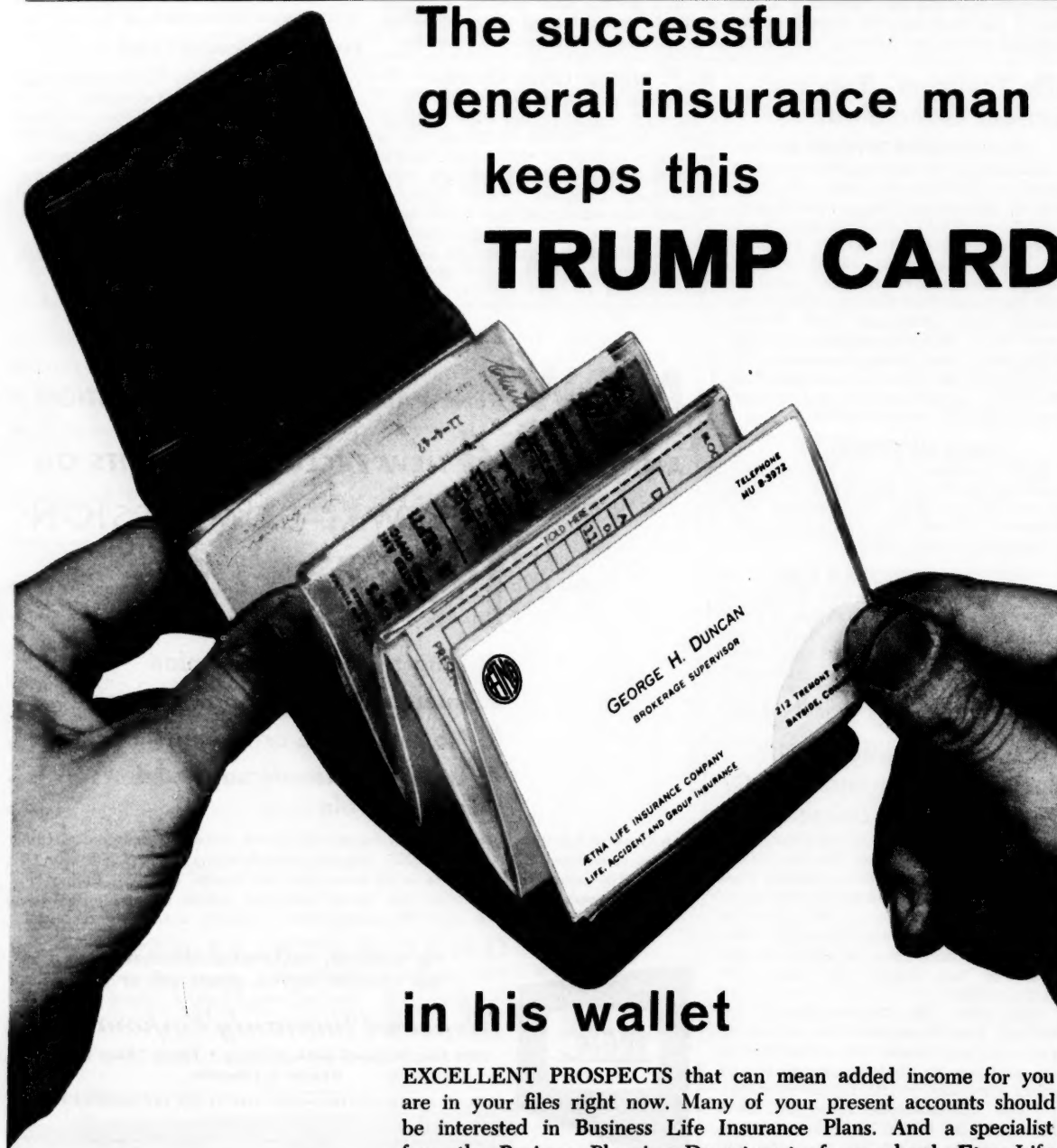
Not Easy Work

The agent must realize that the very nature of his work produces fear. It is not easy work. It has lots of conflicts. It is basically a commission business and that is reason enough to generate a feeling of insecurity.

The agent must realize that he can't sell everyone. No matter how good a salesman he is, he is bound to get turned down now and then. Many agents simply can't face this situation or haven't faced it early enough in their training.

The agent should not avoid the fact that his job is difficult, Mr. Merrill stated. If he accepts this fact, he can deal with it. If an accountant is anxious at his job for one reason or another, his doctor may tell him to get out on the golf course and burn off some of that anxiety; if an agent gets anxious, he can burn it off every-

The successful general insurance man keeps this TRUMP CARD



in his wallet

EXCELLENT PROSPECTS that can mean added income for you are in your files right now. Many of your present accounts should be interested in Business Life Insurance Plans. And a specialist from the Business Planning Department of your local Aetna Life General Agency will call on them with you regarding this high-commission business. He will help give valuable service to your clients. He will increase commissions for you.

Enjoy added profits. Put the advanced underwriting services of Aetna Life to work. Check your files for prospects—today.



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by working. This is one reason why insurance selling is an ideal profession. Turning to training programs, Mr. Merrill said they should be oriented toward the fear reduction objective. A man should have an understanding of an insurance salesman's job; he must know what it is he is supposed

Southland Life Of Dallas Seeks SEC Registration Of 80,000-Share Subscription

Southland Life of Dallas has filed with the Securities & Exchange Commission for registration of 80,000 shares of common stock which it proposes to offer for subscription by stockholders on the basis of one new share for each five shares held.

The record date, subscription price and underwriting terms will be supplied by amendment. Southland, SEC said, recently acquired some 44% of the outstanding common stock of Carolina Life, and has a contract to purchase 280,602 additional shares, or some 55% of Carolina's outstanding stock. Net proceeds of Southland's stock sale will be applied toward the purchase of this remaining Carolina stock.

Southland has 400,000 shares of capital stock outstanding.

Name Members Of AAUTI Committee On Curriculums

Members of a special committee on curricular concepts of American Assn. of University Teachers of Insurance have been appointed. The committee was established at the association's annual meeting in St. Louis in December to develop a statement to inform college administrators, committees, and teachers about curricular concepts for the future development of college-level insurance education.

Primary purpose of the committee is to offset the down-grading of insurance education that is implied in various foundation studies of business education in colleges.

Committee members include J. E. Hedges, Indiana University, chairman; William Beadles, Illinois Wesleyan; Kenneth Black Jr., Georgia State; L. J. Buchan, Washington University; J. W. Cowee, University of California at Berkeley; V. A. Gaumnitz, University of Wisconsin; H. C. Graebner, American College; Mark R. Green, University of Oregon; David Ivry, University of Connecticut; H. J. Loman, American Institute; J. D. Long, Indiana University; Dan McGill, University of Pennsylvania; A. M. Weimer, Indiana University; J. A. White, University of Texas; C. Arthur Williams Jr., University of Minnesota; Walter Williams, Indiana University; and Davis W. Gregg, American College, ex-officio member.

Bankers National Co-Sponsors

Montclair State College Meeting

Bankers National Life and Montclair State College have for the fourth year co-sponsored the annual breakfast round table at the college campus in Montclair, N. J. John D. Brundage, Bankers National president, at the meeting presented the company's annual leadership award to Clarence E. Hinchey, superintendent of Montclair schools, for his outstanding work in public education. Mr. Brundage also announced that Bankers National will again present cash awards to outstanding mathematics students in each of the three upper classes of four local high schools.

to be doing. If one is anxious because of not knowing what it is one is supposed to do, then it's a little hard to do something to be active.

The trainee needs performance standards established realistically. A man needs to know if he is producing up to average expectations. The insurance industry has certain standards, Mr. Merrill noted. A man can look at his paycheck and to a certain extent tell how active he's been in his work. But, on the other hand, there's nothing wrong with having standards that have to do with how

many turndowns he should expect. He should be able to say, "I'm not having any more turndowns than the average man."

Steady Effort Is Important

Probably the most important factor for fear reduction, the speaker, suggested, is steady effort and regular work habits. Too many agents have a couple of good days and then take the next few days off. They then find it extremely difficult to start up the calls again. The individual who goes roller-coastering up and down like

this will figure out pretty soon that there are easier ways to make a living.

Mr. Merrill said he had a few implications for the industry to consider. Not all individuals can learn to deal productively with fear in sales situations. Plenty of people will never learn to do this, and these people simply should not be in the insurance business as salesmen. As for those who say, "I've never been afraid and I never will be"—these people are living in a dream world. Everyone experiences fear and this fear must be dealt with.



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May Be Your Big Break!

IN LESS TIME than it takes to drink a cup of coffee, The Man from Manhattan often comes up with the answer to problems like yours. Give him the facts of the case—then he'll go to work for you.

With 55 policies and 18 riders, not counting the sub-standard versions, you'll be surprised at the sales-closing combinations The Man from Manhattan develops every day of the week. That's his business.

For instance, he can offer Term on Term, such as a Level Term Rider on an Annual Renewable Term policy . . . He has Modified 2 and 5 to issue age 65, and a number of riders to issue age 64 . . . Then there's up to \$50,000 low cost insurance on a wife under the Family Member Rider, with or without children included, and issued standard or sub-

standard . . . How about reducing premiums? O.K., he has that, too, in the best-selling Whole Life Reducing Premium policy, and if there are any class-rated sub-standard extra premiums they drop twice (10% each time), same as the regular premium . . . Here's another one: even though a policy (including Term) is issued sub-standard, dividends may be used to purchase paid-up additional insurance at standard rates. We could go on and on but . . .

Why not phone The Man from Manhattan and set up a Coffee Break? It will pay you to get the whole story from him, including Group Life.

Over \$1,500,000,000 of Insurance in Force



THE MANHATTAN LIFE INSURANCE COMPANY

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Home Office: 111 West 57th Street
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IBM 1401 Installed In Aetna Life Home Office

Aetna Life has purchased and installed in its home office a \$250,000 data processing system, the IBM 1401, an all-transistorized system featuring high-speed processing and printing of information from both magnetic tape and punch cards.

The system absorbs information equal to that in the 1,000 pages of the novel, "Gone With the Wind," in 70 seconds, and can reprint it in an hour. The 1401 will be used mainly to speed

the processing of data for more complex computers used by Aetna Life.

One important function of the 1041, which will be used by the group division, will be the preparation and printing of claim information and other statistics in connection with the two large federal employee health insurance programs being administered by Aetna Life.

To Speak At Cal. Assn. Annual

Jordan Olivar, assistant manager of Mutual of New York at Beverly Hills and head football coach at Yale, will

be the featured speaker at California Assn. of Life Underwriters' 1961 convention. He will speak June 23 at the Santa Barbara Biltmore Hotel. He is a CLU. Other speakers scheduled to address the meeting include NALU President William E. North of New York Life, Evanston, Ill., and Lester O. Schriver, executive vice-president of the national association.

New business of Homesteaders Life of Des Moines in March was 80.7% over March, 1960. First quarter sales increased 90.3%.



W. deV. Washburn

President, AMERICAN HEALTH INSURANCE CORPORATION

A Personal Message to Life Underwriters Seeking a More Rewarding Career with Health and Life Insurance

Our only concern as health insurance specialists is to do the best possible job for our policyowners and agents in health insurance. More is involved than just policy provisions, rates and commissions. This we have known right along, of course.

As a company engaged from the start in this specialized underwriting in its own right, we have a sureness of effort and attitude of service in health insurance, and we enjoy and are grateful for our well-earned reputation for integrity. The secret ingredient of inner confidence helps each of our agents succeed, of course. He knows he will deliver the promises he makes to others, with a special kind of service.

Life and Health Insurance go together. We believe that if you are a life man interested in moving ahead in a sound, secure career you should take a good look at *American Health*—an insurer that specializes in this single type of coverage, with a very high growth potential for you. It will help you set your own standards.

Health insurance can harm you or help you in a life insurance career. As a result of specializing, we believe we understand the problems of this business in general, and those of the agent or general agent in particular. We believe we know just a little more about how you—a life agent—can better employ health insurance as a tool in your career accomplishment.

At *American Health* there is always room for carefully selected agents who intend to move ahead, and who have deserved, good reputations in their communities.

If these ideas make sense to you, we would be glad to tell you more. Why not check a little further into the American Health Story?

W. deV. Washburn

W. deV. Washburn
President



AMERICAN HEALTH
INSURANCE CORPORATION
300 St. Paul Place, Baltimore 2, Md.

California Agents Back 'Step-Licensing' Bill

SACRAMENTO—A "step-licensing" bill introduced in the current session of the California legislature will be strongly supported by California Assn. of Life Underwriters.

The legislation would require life and disability licensees to take second, more difficult examinations during the last year of their first year licensing periods. Failure to pass the second examination would put the individual out of business.

A companion bill, also introduced at the request of CALU, would end the issuance of certificates of convenience.

Other CALU-sponsored bills introduced included those which would add the model NAIC anti-discrimination statute to the unfair practices act in California; repeal the provision that a person licensed or named on a joint firm license may not also be licensed as an individual producer; specify that to be entitled to have a group disability policy issued to it, an association must have been formed and continuously maintained for purposes other than insurance; specify that to be entitled to a group life policy, a trade association must have been formed and continuously maintained for purposes other than insurance; establish controls on the use of franchise or wholesale life insurance plans, now without any control or definition in the California code; provide that limited partnerships, unincorporated associations and non-profit corporations are not eligible to receive a life insurer's license unless each member thereof holds an individual license; extend the anti-coercion section of the code to prohibit a lending institution from requiring that insurance be placed with a particular company as a condition to a loan; provide that persons licensed as securities salesmen or brokers may not also be licensed by the commissioner as insurance producers; and one that would eliminate the present requirement that producers be individually licensed for each company with which they are authorized to transact business.

In addition to the CALU sponsored legislation, the directors voted opposition to several bills designed to end private competition in the disability field. Also opposed was legislation increasing the amount of group credit insurance from the present \$10,000 to \$20,000, and a measure to permit the issuance of group life insurance to associations dedicated to the problems of the aged. The latter bill was defeated last session by CALU.

In other CALU news, the board has voted to press for an increase in dues at the June convention. Two major committees, in independent reports told the directors that additional revenue was mandatory to the continued growth and accomplishment of the group.

Jules L. Routbort, Penn Mutual Life, San Francisco, and treasurer of the association, speaking for the finance and executive committees, said CALU stands at another major cross-roads and asked the board to determine what avenue it desires to travel.

President Earle L. Patten, New England Life, Fresno, delayed approving the treasurer's report until the special planning committee made its report. This body was also for the dues increase, although one member, Jack O'Neil, Provident Mutual, Los Angeles, and president of that city's association, dissented. Mr. O'Neil argued instead for an across the board reduction in CALU activities.

ALC, LIA Give General Approval To Housing Bill, Object To Part

WASHINGTON—The general objectives of the administration's housing bill were supported by American Life Convention and Life Insurance Assn. of America at a hearing of the housing subcommittee of the Senate Banking and currency committee, although the ALC-LIA spokesman questioned the wisdom of proposed 40-year, no-down-payment home loans and FHA low interest loans for rental and cooperative housing.

Brown Gives Reasons

R. Manning Brown Jr., vice-president in charge of real estate and mortgage loans of New York Life and chairman of the joint ALC-LIA committee on housing and mortgage loans, after expressing general support of the bill, said that the associations were dubious about the 40-year, no-down-payment loans set out in title I of the bill. He said a threat of heavy defaults and substantial losses to FHA would result from the long period that would

elapse before the mortgagor had any real equity in the property.

Without opposing a proposal for low interest insured loans for rental and cooperative housing for lower income families, Mr. Brown questioned the desirability of identifying the program with FHA and FNMA. He also questioned the wisdom of certain provisions in the bill that would permit the FHA commissioner to pay FHA insurance claims in cash rather than in debentures and to provide new authority to insure mortgages on housing incorporating new and untried materials and methods, as well as sections which would extend and expand the VA direct loan program.

Gerber Warns Against Stock Promotion Fraud

The Illinois department has warned residents of the state to be on the alert for illegal stock promotion schemes involving the sale of pre-incorporation subscriptions for raising funds to form a business corporation.

Director Gerber said persons are being induced to purchase these subscriptions under the pretense that the new corporation is being formed to establish a new insurance company or to buy the charter of an inactive insurer. Control of the sale of pre-incorporation subscriptions in a corporation other than an insurance company is not within the jurisdiction of the insurance department, he pointed out.

He said the public is being deluded into believing they are buying a direct interest in an insurance company which has complied with the law relating to the organization, when, in fact, they are not. If the person or company selling the subscriptions is unable to produce a written authorization from the insurance department for the sale of subscriptions, it is safe to assume it is not an interest in an insurer which is being sold, he warned, adding that if it is an insurance security, then it is being sold illegally.

IRS Changes Approach To Employee-Stockholder A&S Premiums Paid By Company

Whether an employee-stockholder of a corporation may exclude from his gross income any health insurance premiums paid by the corporation will depend on the facts in each case, a spokesman for Internal Revenue Service has told THE NATIONAL UNDERWRITER.

In 1960, IRS listed areas in which it would no longer issue blanket rulings, but would treat individually each situation within any of the prescribed areas. The policy recently was amended to include an employee-stockholder's health insurance premiums paid by his corporation.

The spokesman said if an employee-stockholder thinks he is entitled to exclude such premiums from gross income, he may so claim on his tax return or query IRS in advance. IRS will investigate the claim for exclusion, perhaps even have an auditor check the situation, and decide each case individually.

Columbus Health & Life Group Elects John Revel

The newly organized Columbus (O.) Health & Life Assn. has elected John Revel, Ohio State Life, president.

Other officers are Max Clemons, Mutual Benefit H.&A., vice-president; J. W. Didion, Nationwide Mutual, secretary, and Ruth Shackart, Globe Assurance, treasurer.

Agent Who Won Award From Client On Loss Of Case Is Reversed

ALBANY—The court of appeals, New York's top tribunal, has affirmed by a 4 to 3 vote the appellate division's reversal of a jury award to an agent who sued a client for switching a case to another agent after the first agent had worked up a complete presentation on the assumption that he would write the case if it were written.

The plaintiff-appellant is Merrill P.

Arden, general agent in New York for National Life of Vermont but at the time an agent of Connecticut Mutual Life in New York. Defendants-respondents are Richard Freyberg et al.

Russon Mass. Mutual Man Of Year

John M. Russon, Los Angeles, has been named man of the year by Massachusetts Mutual. Mr. Russon, whose 1960 ordinary sales totaled \$2.6 million on 100 lives, has had annual ordinary production exceeding \$1 million in each of the past 14 years.

PREMIUM SPOT FOR CONVENTIONS

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Changes In The Field

Connecticut Mutual Life

Leo A. Gansmiller, general agent at Garden City, N.Y., has been transferred to San Francisco to succeed Edward H. Dieckhoff who has retired. Mr. Gansmiller, a CLU, has been a supervisor at New York.

Dennis F. Mullane, supervisor at Garden City, has been named Mr.

Gansmiller's successor. Mr. Mullane, a CLU, is program chairman of the Nassau County CLU chapter and a governor of Nassau County Life Underwriters Assn.

Great Southern Life

New managers are Lloyd V. Clark at Tulsa and Dexter Walker at Bir-

mingham. Mr. Clark has been with Prudential, and Mr. Walker was home office agency manager and training director of Protective Life of Birmingham.

Occidental Of California

New assistant regional group managers are Royal F. Dedrick at Newark and Eric C. Stelter at Salt Lake City.

Transferred from the home office are Harman D. Harrold, from training to a group office at Los Angeles; Richard L. Golden, from training to another Los Angeles group office; and

Larkin E. James, from auditing San Francisco as group service representative. Richard J. Eskoff has been appointed group service representative at Chicago.

Robert M. Benson has been appointed assistant manager at Evanston, Ill. He has been assistant manager there for Lutheran Brotherhood.

Midland Mutual

John W. Sinnott has been appointed general agent at Waterloo. He has been assistant manager there for Metropolitan Life. He is a director of Waterloo Assn. of Life Underwriters.



John W. Sinnott

Southland Life

William J. Crawford, field assistant has been appointed assistant manager of the Pool agency of Abilene, Tex. and he will serve at Odessa, Tex.

National Life Of Vermont

Howard K. Holladay, district agent, with offices at Augusta, Savannah and Charleston, for the Dillon general agency at Atlanta, has been named general agent at Boston. He is a life member of Million Dollar Round Table.



Howard K. Holladay

Liberty National Life

James R. Crawford, associate manager at Columbus, Ga., has been named district manager at Fitzgerald, Ga.

Paul Revere-Mass. Protective



Grover E. Blake

Grover E. Blake regional training supervisor of the southern sales region, has been appointed general agent at Columbia S. C. He has been district manager of State Farm Life at Nashville.

Prudential

John R. Jameson has been appointed manager and Robert T. Clemens division manager at Cedar Rapids. Mr. Jameson has been associate manager there, and he succeeds Les Brooks who has retired. Mr. Clemens has been division manager at White Bear, Minn.

John Hancock

John E. Finnegan, group representative at Philadelphia, has been promoted to group manager there to succeed Ernest J. Wolcott, who has been transferred in the same capacity to the New York group office. Mr. Wolcott has been a group representative at Syracuse and Boston and group manager at Norfolk.

Charles Bekos, group representative at Boston, has been appointed group

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Great-West Life's V.V.P. Plan offers a Company long-term disability benefits for key personnel unable to work due to sickness or accident. The plan is underwritten on a Group basis, and is therefore less costly. Depending on salary and the number of key people insured, income benefits up to \$750 a month are guaranteed . . . to age 65 in case of accident, and for 5 or 10 years, or to age 65 in case of sickness. Companies with as few as 10 employees may obtain this coverage for their key personnel.

Great-West Life has many other advantages too! Here are the most important . . . a wide range of quality contracts; rates that win sales; personal, attentive service on every contract; liberal commissions; complete co-operation and open-minded assistance from Head Office; plus the fact that Great-West is firmly established as one of the most experienced leaders in brokerage business.

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The Great-West Life Assurance Company

HEAD OFFICE - WINNIPEG, CANADA

om auditing manager at Columbia, S. C. He has been in the group claim department in Chicago and New York.
James R. Hallstrom, who has been at the Chicago group annuity office, has been named manager of the Miami group annuity office.

Ohio National

Appointed general agents are Bradley L. Warnemunde at Wayne, Neb., Clifford L. Manderscheid at Sioux Falls, S.D., and Wilbur F. Lawall at South Bend. Mr. Warnemunde has been an agent at Winside, Neb., and Mr. Lawall has been with Lincoln National



B. L. Warnemunde



Wilbur F. Lawall



C. L. Manderscheid

for 12 years. He is president of Indiana Life Insurance Leaders Club.

Crown Life

Norman D. Lange, district group supervisor at Baltimore, has been appointed manager of a new group office there.

Pilot Life

William F. Moreland, who has recently completed the company's management training program, has been appointed general agent at Baltimore. He has been with New York Life.



William F. Moreland

Woodmen A.&L.

Frank L. Pierce of South Bend has been named manager for central Indiana. He has been with Prudential at South Bend.

Manhattan Life



L. George Bishop

L. George Bishop, brokerage manager, at Pasadena, has been named general agent at San Diego. He was with Zurich-American multiple line group as a group representative at Los Angeles, Fresno, and Dallas.

Lincoln National, N.Y.

Leonard A. Kahn has been appointed manager at Garden City, the company's first agency on Long Island. He has been assistant manager at New York for Equitable Society. In a previous issue, he was reported incorrectly as having been appointed by

Lincoln National of Fort Wayne, which owns the New York insurer.

Mutual Benefit Life

Gordon E. Stensgard has been appointed general agent of a new general agent at Bismarck, N. D., where he has been an agent for Northwestern Mutual.



Gordon E. Stensgard

NORTH CENTRAL LIFE—B. L. Garnaas has been named regional sales manager at Rochester, responsible for southeastern Minnesota. He has been with Metropolitan Life.

APPALACHIAN NATIONAL LIFE has appointed the following general agents: Roland D. West, Crawfordsville, Ind.; Charles E. Hawthorne, Rogersville, Tenn.; John T. Pearce III, Nelson W. Doland, and Victor J. Mueller, Norfolk; George E. Coldiron, Neon,

Ky., Joseph T. Kennedy Sr., Bristol, Tenn.; James H. Price and Ralph S. Lewis, Jackson, Tenn.; John H. Pack, Cleveland, Tenn.; E. Lenwood Shiflet, Churchville, Va., and Billy R. Williams, Greeneville, Tenn.

LINCOLN LIBERTY LIFE has named John G. Rynd a district manager at the Houston agency.

KENTUCKY HOME MUTUAL LIFE—Robert M. Cook, most recently a general agent for Pan-American Life, has been appointed manager of the Louisville agency.

PACIFIC FIDELITY LIFE has named Myron I. Specht, former general agent for Security Mutual Life of New York at Los Angeles, manager there.

AMERICAN MUTUAL LIFE has named John DeLeon and G. B. Serrill general agents at San Jose, Cal., and Minneapolis, respectively.

PACIFIC NATIONAL has appointed Sy Wallace ordinary manager and George Carr group manager of a new branch at Seattle. Mr. Wallace has

been with Prudential and Western Bankers Life, and Mr. Carr has been regional group manager at Seattle.

SOUTHLAND SECURITY LIFE has named Gordon W. Allison a vice-president and director of the Arkansas agency.

SECURITY AMERICAN LIFE—Joseph D. Hautz and William L. Fowler have been appointed regional sales directors, with headquarters at Norfolk. Both men were formerly with Constellation Life.

TENNESSEE LIFE has appointed Dan E. Wagner manager of a new agency at Houston. He has been with Acacia Mutual there.

CITIZENS NATIONAL LIFE has appointed Roy L. McKenzie district manager at Grand Rapids, Mich.

Pru 1960 Benefits \$1,510,000,000

Benefits paid by Prudential in the United States and Canada during 1960 totaled \$1,510,000,000, of which more than \$1 billion went to living policyholders. The total includes all types of claim payments, dividends, annuities and other benefits.

When you stop to think...

... don't forget to *start* again. At National Life, we believe our business is not so much in keeping up with others, as in keeping ahead of ourselves.



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Salem, Mass.



Martin Aronowitz
Fort Worth, Tex.



Edward P. Ashy
Port Arthur, Tex.



Donald G. Audette
New Bedford, Mass.



Joseph Baldinger
Brooklyn, N. Y.



Harry Beck
Union City, N. J.



Samuel A. Berkman
Willimantic, Conn.



Samuel L. Birnbaum
Irvington, N. J.



Rene A. Carroll
New Bedford, Mass.



John B. Castelli
Hoboken, N. J.



John S. Catanzaro
Niles, Ill.



Wyatt D. Cates
Louisville, Ky.



David E. Cohen
Charleston, S. C.



Bernard Cohencious
Bridgeton, N. J.



Clarence H. Cook
Phoenix, Ariz.



Irving Corr
Scranton, Pa.



Arthur E. Damhorst
St. Louis, Mo.



Mehdi Fakharzadeh
New York, N. Y.



Jerome J. Falbo
Peekskill, N. Y.



Otto Felix
Skokie, Ill.



Samuel L. Felix
Chicago, Ill.



Arnold Ferber
Killeen, Tex.



Alphonse N. Ferrara
Newark, N. J.



Ivan B. Fisher
Miami, Fla.



James J. Flaxman
Chicago, Ill.



Bert M. Fleischman
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J. D. Slater
Samuel Small
Abraham Smith
Mark Spagat
Paul Sperting
John Stallard
L. Leo Steinfeld
Timothy J. Sullivan
Otis L. Taylor
Lawrence Weissman
Noel L. Welsh
Raymond J. Welty
Maynard L. Wheeler
Ben E. Wiggins
William Wolfe
Leonard Yanow
Henry Yorio
Arthur J. Zewert
Allen E. Zola

Home Office Changes

Metropolitan Life

Dr. Paul I. Robinson, medical director, has been appointed chief medical director to succeed Dr. William P. Shepard, who has retired after 35 years with the company.

Fred Ulmer, 3rd vice-president, has been appointed 2nd vice-president in group insurance. He joined the com-

pany in 1913 and was named assistant vice-president in 1951.

American General

Alf M. Firing, formerly group sales manager at Pittsburgh of the affiliated Knights Life, has been appointed director of group sales. Before going with the American General group, he

was with Washington National and Provident L.&A.

Occidental Of California

Raymond C. Evans has been promoted to assistant to the director of group service, and Robert M. Facticeau and Donald E. Glick are new senior group service representatives at the home office.

Citizens Life Of New York

Dr. Harry Ungerleider has been appointed medical director. He remains

consulting medical director of Northern American Reassurance. In 1959, he retired as director of medical research of Equitable Society.

New England Life

Kenneth W. MacWhinney has been appointed director of agencies. He had been general agent at San Francisco for John Hancock, for which he earlier was associate general agent at Newark. He has been president of the Newark and San Francisco Life Underwriters associations, president and a founder of Northern New Jersey Life Supervisors Assn., a director of Newark General Agents & Managers Assn., and vice-president of San Francisco General Agents & Managers Assn.



K. W. MacWhinney

Southwestern Life



Mac Roy Razor

sociated Press and newspapers in Austin and Fort Worth.

Mac Roy Razor, public relations consultant at Austin, has joined the company as public relations director. He has been executive secretary of Texas Legal Reserve Officials Assn. for five years. He has also been with Business Research Corp. as vice-president, Associated Press and newspapers in Austin and Fort Worth.

Minnesota Mutual

George L. Glotzbach has been appointed group sales promotion manager. He was at the Los Angeles regional group office.

United States Life

Lawrence J. Roe has been appointed assistant superintendent of agencies, A&H. He has been assistant manager of the A&H department of the Weghorn general lines agency at New York. Before that he was in the A&H department of Metropolitan Life.



Lawrence J. Roe

Pan-American Life

Joaquin V. Bird, former general manager at Havana, has been named consultant for Latin American operations. He joined the company in 1936 as a cashier at Havana, later becoming assistant manager there.

Royal Neighbors

Charles D. Marshall Jr., Rock Island attorney, has been appointed assistant general attorney, initially on a part-

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ector of Nor... He will eventually devote full time to his position, which will involve the society's investments.

Kansas City Life

Vice-president Louis Marks has retired after 25 years with the company. His insurance career started in 1920 with the old Continental Life of which he became secretary and a director. He joined Kansas City Life when it acquired Continental in 1936. He subsequently served as assistant controller, controller and, since 1952, vice-president.



Louis Marks

Pacific Mutual

Thomas L. Lowe has been appointed financial vice-president and A. N. Culling secretary. Mr. Lowe has been vice-president of mortgage loans and real estate, and Mr. Culling has been an assistant vice-president.

Liberty National Life

J. P. McMillan, district manager at Orlando, Fla., has been named underwriting supervisor for southern Florida.



J. P. McMillan



Frank C. Fowler

He has been district manager at Jacksonville.

Frank C. Fowler, district manager at Fitzgerald, Ga., has been promoted to agency superintendent.

Boston Mutual Life

Thomas P. O'Keefe, secretary, home office administration, has been elected secretary of the company. He joined Boston Mutual in 1946 and directed the methods and planning division for a number of years.

American Bankers Of Miami

Lillian Wierman has been elected an assistant secretary. She has been chief accountant and will also continue in that capacity.

Praetorian Mutual

Karl H. Kober has joined the company as chief underwriter.

Sun Life Of Baltimore

William E. Wolfel, former assistant vice-president, has been elected secretary and comptroller. He has been manager of the accounting department, assistant secretary and was a member of the debit insurance committee and of the north Atlantic planning committee of Life Office Management Assn.

Martin E. Dannenberg, assistant secretary, has been elected secretary, administration. He is a member of LOMA's debit insurance committee.

Joseph M. Didusch, who has been in the administration department since 1946, has been appointed assistant director of administration. He is vice-chairman of the north Atlantic planning committee of LOMA.

UNITED AMERICAN LIFE has appointed Calvert Hall agency vice-president. Mr. Hall, a CLU, has been field vice-president of Franklin Life and director of sales at Charlotte, N.C. Before that he was division manager of Prudential at Newark.

EQUITY ANNUITY LIFE has promoted Winfred R. Sellers, assistant secretary and assistant treasurer, to secretary.

KENTUCKY CENTRAL L.&A. has appointed Paul T. Carr executive vice-president and a member of the execu-

tive committee. He has been a vice-president. David L. Brain Jr. has been named vice-president and director of ordinary agencies. He has been with Monumental Life of Baltimore.

MICHIGAN LIFE has appointed J. K. Holman assistant manager of the bank service division. He has been general agent at Livonia, Mich.

SUPREME LIFE of Chicago stockholders have elected John F. Morning, vice-president and agency director, and Dr. Carlton B. Goodlett, Oakland physician and publisher of the San

Francisco Sun Reporter, to the board. John H. Johnson, a director, has been named to the executive committee. He is also publisher of Ebony magazine.

Reports President's Month Business

Paid-for business of Equitable of Iowa in March amounted to \$20,494,-415. This was achieved during the annual president's month campaign.

Olympic National has begun \$200,-000 construction of a new arcade and first floor exterior of its home office at Seattle.

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Mr. Briggs' Study Notes Danger to Private Industry

ANN ARBOR, MICH.—Whether the United States remains the only large country without compulsory insurance depends upon how it measures up in the next 10 years, Prof. Walter McNerney, director of University of Michigan's bureau of hospital administration, said in a talk here.

Mr. McNerney has headed a three-year research study of hospital and medical care in Michigan and his final report has been awaited with much interest due to the current controversy in the state regarding proposed substantial rate increases for Michigan Hospital Service (Blue Cross) and Michigan Medical Service (Blue Shield).

Government Is Anxious

Organized groups and the government, Mr. McNerney said, are high in the saddle these days, anxious about rapidly rising hospital and medical care costs and increasingly determined to see that their money is well spent and that there are no conspicuous gaps in medical service.

Medical care costs increased 51% between 1947-49 and 1959, he said, and, according to his findings, while hospital costs skyrocketed 107%, doctors' fees went up 44%; surgical fees 25%; dental costs 34%, and drugs 21%.

Mr. McNerney said the insurance industry must solve the problem of putting purchasing power in the hands of the aged, indigent, and unemployed. It must also work out controls in partnership with doctors and hospitals that give overt assurance to the public that rising costs are justified.

Senate Committee To Take Up Insurance Again

Though no announcement of the specific subject matter is expected for several weeks, it has been confirmed that the Senate anti-trust and monopoly subcommittee will again take up its inquiry into insurance regulation and competition. With the retirement from the Senate of Sen. O'Mahoney, Sen. Dodd will act as chairman for the hearings when they resume. Sen. Keftauver is chairman of the subcommittee. However, he designated Sen. O'Mahoney to guide the previous investigation and hearings.

One topic suggested in the past for inquiry which the subcommittee has not yet taken up is credit coverage, life and A&S.

Terminology Subcommittee Chairmen Are Appointed

The chairmen and members of the subcommittees of the committee on health insurance terminology to work out definitions of the various terms used in the health insurance business have been appointed by E. J. Faulkner, president of Woodmen Accident & Life, who is chairman of the parent committee, a branch of the Commission on Insurance Terminology of American Assn. of University Teachers of Insurance.

Chairmen and their subcommittees are Ralph Blanchard, retired professor of insurance at Columbia University, perils; J. F. Follmann Jr., director of information and research of Health Insurance Assn., contractual agreements; J. Henry Smith, Equitable Society, types of losses; Ardell T. Everett, Prudential, basis of payment; Jarvis Farley, Massachusetts Indem-

nity & Life, types of benefits; O. D. Dickerson, Florida State University, continuance provisions, and R. F. Killian, Metropolitan Life, freedom to insure.

Each subcommittee will draft definitions for terms in its particular area, and these will then be considered for adoption by the full committee.

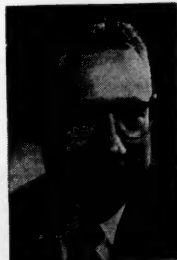
Harmelin Agency Course Prepares Brokers For N.Y. State Agents Exam

The 129th class of the Harmelin agency of Continental Assurance at New York to prepare brokers for the New York State life agent's examination, May 18, will begin April 26. The course consists of five lectures and is conducted at 50 Church Street. Instructors are David R. Harmelin, general agent, and William Harmelin, supervisor.

Milliman & Robertson, Pacific Coast consulting actuary, has opened an office at Milwaukee, with Vice-president William A. Halvorson in charge. William D. Smith has been promoted to vice-president, and he succeeds Mr. Halvorson at San Francisco.

Too Many Are Buying Equities Who Should Avoid Them: Woodson

President Benjamin N. Woodson of American General Life, in his talk at the New England sales congress in Boston, was sharply critical of the current emphasis on equity investing for the average man. He pointed out that even if they don't invest in stocks at all, most people already have a major share of their investment funds



B. N. Woodson

in equities, since the money put into a home or an automobile is an equity investment, subject to the requirements of the real estate or used-car markets.

Most people, said Mr. Woodson, have only a small amount in savings accounts and savings bonds. Their need is not to invest in equities but rather to put their money into investments

with a guaranteed return. Mr. Woodson said it is a fallacy for a person to buy term insurance instead of permanent insurance on the theory that the saving in cost could be invested to produce a greater yield than would be received by investing in permanent life insurance.

"That's like renting a home or an automobile instead of buying one," he commented.

Indianapolis Life Women Set Date For Executives' Night

Life Insurance Women's Assn. of Indianapolis will hold its annual executives' night at Indianapolis Athletic Club, April 18. There will be a cocktail party at 5:30, with dinner at 6:30. Principal speaker will be John F. Mee, chairman and professor of management of Indiana University. Home office executives and executives of local life agencies are traditionally honored at the gathering. Mrs. Mary Duckworth, Hoosier Farm Bureau agent and president of the women's association, will preside, with the assistance of Marguerite Lamar, program chairman and a professor at Butler University.

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\$30 Million Producer Gives Tips On Organization Of Time

(CONTINUED FROM PAGE 2)

found that if you can visualize a point for a client and break it down for him in figures he will understand you. He may not understand the exposition of a concept without some reliance on visual aids."

The agent, said Mr. Goldberg, shouldn't assume that what the client is asking for is necessarily the right thing for him, or the thing he really wants to see. A principal in a close

corporation with a substantial number of employees to be covered in a pension plan may do much better personally under a deferred compensation arrangement, where he can single himself out for preferential treatment. Show him both plans—and let him decide how he wants to allocate his dollars.

In other situations, where a pension plan could legitimately include only a few people, a pension might do the

job better than deferred compensation. "Leave yourself flexible to adjust to the client's real needs," said Mr. Goldberg. "If you come up with a dollar-saving idea you will be the hero."

Work With Lawyer, Accountant

The agent should work effectively with the lawyer and the accountant. As often as not, the real person who has to be sold is the client's lawyer or accountant—usually the latter, where

business programing is involved. The agent has to know enough to get the information across to the accountant, yet not display so much knowledge as to upstage him.

If the accountant senses that the agent is passing the ball to him, he will pick it up, make an impression on his client and will have rapport with the agent. "But if you put him on the defensive, where he has to pit his knowledge against yours, you're a goner, even if you do win the battle of wits," Mr. Goldberg warned. "The client may be momentarily impressed by your knowledge, but in the end he will be guided by those professional people who have an intimate day-to-day relationship with him."

Don't Intrude On Lawyer

Where the lawyer is concerned, the agent must likewise be able to work with him, accepting the role of helper. Intruding in his area of competence will not only alienate him but it's also illegal and unethical. Nevertheless, the agent can generally assume that the lawyer isn't a specialist in business insurance and therefore a ready method for communicating knowledge to him must be found, while still permitting him to take the lead.

Mr. Goldberg has found that preparing a kit of sample instruments—clearly so labeled and containing the usual warning that they are for illustration only and not to be used—is a genuine help to the lawyer and impressive to the client. It's true that many companies put out sample agreements and therefore it may seem expensive and duplicative for the agent to do it himself. But the impact of a blue-backed instrument that looks like the real thing and bearing the trade-mark of the agent's own organization reinforces his stature as an expert in business programing.

"For relatively little expense," said Mr. Goldberg, "you can adapt the sample instruments you find in the company-issued booklets and have them retyped on your own stationery. The crux of the matter is not how much money you can spend in developing this material; the crux of the matter is understanding its use, and being able to convey that understanding to client, accountant and attorney alike."

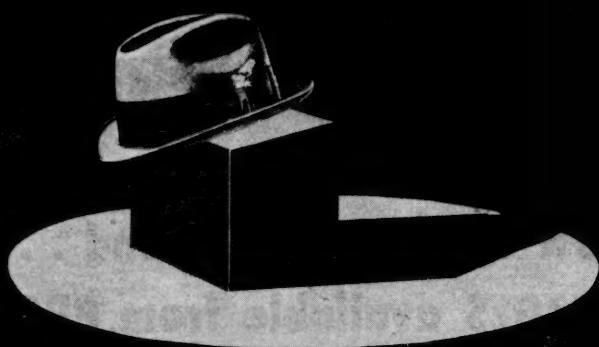
Don't be afraid of ideas, said Mr. Goldberg. It is often the new idea that will forge an impression or clinch a case for the agent. For example, Mr. Goldberg moved into a pension case where he found himself confronted with a host of competition. His proposal would have been just one more proposal among many. So he took the position that the important thing was to insure the integrity of the pension plan by making sure that, in the event of the death of any of several key men, the corporation would not close its doors. He wound up selling key-man insurance and eventually got the pension case as well.

Arrives Mondays At 5 A.M.

Discussing time organization, Mr. Goldberg said that every Monday he's in his office at 5 a.m. preparing his schedule for the week and checking the material his staff has gotten up in connection with various cases. He makes neat piles of all the assignments to be made, labeling each by name, so that when the staff arrives several hours later their work load is all prepared for them.

Mr. Goldberg's calendar is always set up at least a week in advance. His secretary is trained to allow enough time for appointments and to

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Luke E. Hart
Supreme Knight

Editorial Comment

A Step We Hope Some Company Will Take

For years the search for a precision selection technique that would put the finger on the agent candidate with the real success potential has been carried on with a zeal not equalled since the alchemists of the Middle Ages were looking for the Philosopher's Stone that would transmute base metals into gold. With few exceptions, none of which have achieved general recognition, the modern searchers have had little more luck finding their Philosopher's Stone than the alchemists had in unearthing theirs.

But there seems to be increasing evidence that a combination of psychological and psychiatric techniques can be made to produce selection results so superior to anything else available that it should be investigated further with a view to use in the life insurance business generally.

Of course, if that is true, then why hasn't this type of technique come into general use without any particular missionary work? The techniques in use in various cities have been publicized and discussed at managerial meetings. If the system is so good, why doesn't everybody who knows about it latch on to it?

One answer is a healthy skepticism. The system may work fine for those that are using it, but how do I know it will work for my agency?

The technique with which we are most familiar, and the one thus far the most widely publicized is the one pioneered by Charles E. Drimal, general agent in New York for Penn Mutual Life. It involves a three-man team—Mr. Drimal, Dr. Gerald F. Perry, a psychiatrist, and Herbert J. Freudenberg, Ph. D., a psychologist. The psychologist, using standard tests, obtains a vast amount of information about the candidate, which the psychiatrist uses as the basis for a depth interview.

For the eight years ended Dec. 31, 1960, that Mr. Drimal has been using the technique he had a total of 21 recruits who were not tested by the psychiatrist and psychologist. Of the 21, one is still in the business. He had a total of 30 recruits who were tested

but not approved, but he hired them anyway. Four of them are still in the business. But of a total of 57 recruits who were tested and approved, 38 were still in the business on Dec. 31. That's a ratio of 68%.

Why doesn't a 68% retention ratio bring other agency heads and home office agency executives pounding on Mr. Drimal's door to find out the secret? Mainly because they wonder if the technique would work anywhere near as well with another general agent, another psychologist and another psychiatrist. Incidentally, two other New York general agents are using these same professional advisers and getting results comparable with Mr. Drimal's.

It might be thought offhand that the way to resolve these doubts would be for LIAMA to use its research facilities. The gains to the industry if the Drimal-Perry-Freudenberg technique should be found to be transferable are well-nigh incalculable. As a matter of fact, as Dr. Perry mentioned in addressing the New York City Life Managers Assn. in March, LIAMA last year made quite a study of the possibility of testing the technique. It was to have been done by setting up 20 teams trained by Dr. Perry and Mr. Freudenberg.

LIAMA Director of Research S. Rains Wallace wrote to a couple of dozen leading companies outlining the proposal and asking them if they would be interested in cooperating in such a project and sharing the expense, which would have run a little under \$100,000. However, LIAMA had no great enthusiasm for the idea, as can be judged from this passage from Mr. Wallace's letter:

"Another thing that should be emphasized is that I am not, in any sense, implying that the results of this study will give us the answer to our selection problems. It is quite possible that the results will show that too little gain in predictive accuracy is obtained from this procedure to warrant the expense. In that case, I believe that we shall save the insurance industry a great deal of time, money, and trouble. Of

course, if the findings are positive, the gain to your company and the industry would be immediate and great. However, LIAMA is not prepared to guarantee or even anticipate that this will be the result.

"Even if we do receive favorable replies from a sufficient number of companies, it may be that we shall find insuperable difficulties and have to abandon it. (For example, one large organization of clinical psychologists has already told us it would not cooperate in a study of this kind.) However, if enough companies are seriously interested we shall feel justified in investing the time to see whether the project can be worked out."

If that sounds like asking a prospect, "You don't want to buy any life insurance, do you?" it must be remembered that LIAMA is in a peculiarly vulnerable position by reason of its inter-company character. It is constantly being bombarded with requests to validate this or that selection technique, some of which have about as much scientific basis as scrutinizing tea-leaves or a sheep's entrails. In even suggesting to members the possibility of incurring the expense of validating one of the more promising-looking systems, LIAMA's management has to bear in mind that the expense may well prove nothing except that the idea was no good. The position of a LIAMA research director who had touted a losing horse would hardly be an enviable one, especially if the touting had resulted in substantial bets being placed.

In view of all this, it seems as if the way to get a broader test of the Drimal-Perry-Freudenberg technique is to forget about LIAMA and look to one or more individual companies. Even a single company with faith in the system could gain a great deal and prove a great deal, if it is true, as we believe, that a transferrable technique has been achieved. A single company's management can do this and we hope that some company will.

It's not necessary to start completely on faith, either. There are other ways of validating a technique besides conducting controlled experiments designed to achieve statistical credibility of results. For example, does impartial investigation of the technique itself indicate that what is revealed could account for the great

difference in turnover between approved candidates and unapproved and disapproved candidates?

That is, when Dr. Perry interviews candidates, is his remarkable success in pinpointing the men with best chances of success due mainly to his intuitive keen judgment in picking life agents—a judgment which is entirely apart from his psychiatric skill and which perhaps not another psychiatrist in a thousand might have? Or is it due to the application of standard psychiatric techniques that any other psychiatrist could learn with no difficulty and apply with almost equal success?

In this connection, incidentally, it should be remembered that even if another team using the Drimal-Perry-Freudenberg technique never did better than half as well in improving turnover they would still produce an enormously profitable betterment over the general run of selection systems in use. However, even making the maximum reasonable allowance for any presumed special personal abilities of the D-P-F team, it seems incredible that these qualities could account for anywhere near 50% of the success they have achieved. It seems reasonable to suppose that at least 75% of their success is due to meticulous following of the standardized techniques they developed.

In fact, our guess is that considerably more than 75% would be nearer the truth. Consider these facts:

1. Only a small percentage of candidates interviewed by the psychologist and psychiatrist are approved. This means an extraordinarily large number of original candidates are needed, since of course the general agency will screen out many without ever sending them to the professional advisers' team. For one thing, they must score well on the LIAMA Aptitude Index. All of this means that standard methods of high-volume recruiting must be used. It rules out the possibility that any part of the system's success is due to having a super-select group of candidates to draw from.

2. The psychological tests are all standard versions. They are important in eliciting a great amount of pertinent information in a short time. The information is passed along to the psychiatrist and makes possible a much shorter interview than would otherwise be necessary. There is nothing "special" about the information that depends on intuitive "hunches" by the psychologist.

3. A psychiatrist spends years perfecting his technique and knowledge. He believes in them. It's hardly reasonable to suppose that he would put a candidate through a thorough depth interview and then, disregard his findings, base his decision on intuitive judgment. It seems more sensible to believe that Dr. Perry is correct when he says that the techniques he uses can be used with equal success by other psychiatrists.

There is mounting evidence that what's inside a salesman is of far greater importance to his success than anything that can be done in the way of supervision or training. It seems only logical, then, to try to look inside the new man before hiring him and to

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side. We hope some company will do
in a company-wide basis what a few
agencies around the country are al-
ready doing individually. The results
could be of tremendous benefit to the
company and to the entire life insur-
ance industry—R.B.M.

Personals

Holland F. Hatfield, manager North-
western National Life's pension and
tax department, has been appointed
Minnesota tax commissioner by Gov.
Andersen. Confirmation by the senate
is expected. Mr. Hatfield has been
granted a leave of absence by North-
western National. John S. Pillsbury Jr.,
president, termed the appointment a
"distinct honor." Mr. Hatfield served
as a member of the U.S. tax mission
to Japan under the direction of Gen.
Douglas MacArthur in 1939 and 1940.
Prior to that he was assistant profes-
sor of economics at the College of St.
Thomas, and for three years before
joining Northwestern National he
served as director of tax research in
the Minnesota tax department.

Deaths

DONALD A. W. BANGS, 50, former
investment manager of Modern Wood-



Donald A. W. Bangs

men, died at Ev-
anston, Ill. He
started with Amer-
ican United Life
in 1934 and for 10
years was vice-
president in charge
of investments. He
joined Modern
Woodmen in 1954
and held the in-
vestment post until
1956.

Mrs. ROBERT B. CRANE, whose
husband is secretary of Life Insurance
Assn. of America, died at Montclair,
N. J., of a heart attack. She was a
former member of the staff of the Mont-
clair public library and headed the
children's libraries at the Edgemont and
Watchung public schools in Montclair
for several years.

DWIGHT STERETT, 72, retired di-
rector of Equitable Society's agency
department, died at Montclair, N.J.
He joined the company in 1909 and
retired in 1954.

JOHN T. ROHM, 55, reinsurance
vice-president of American United Life,
died of a heart attack. Before joining
American United in 1939, he was with
the old American United Life of De-
troit which was acquired by American
United. He became assistant secretary
in 1940 and reinsurance vice-president
in 1947.

E. CODY LAIRD, 54, executive vice-
president and a director of Life of
Georgia, died unexpectedly at his
home in Atlanta. He was in charge
of the company's district office build-
ing program and supervised the con-
struction of 72 branch buildings
throughout the south over a 10-year
period and was directing a committee
making plans for a new home office
building. He was a member of the ex-
ecutive committee and chairman of the
agency and underwriting advisory

AALU Seeks Data On Replacement Situation From Members, Others

Assn. of Advanced Life Underwriters
has sent a questionnaire to all its mem-
bers to get a cross-



Harold Franklin

section of views on the replacement
situation. The as-
sociation would
like to have an-
swers also from
others in the busi-
ness, and to that
end has permitted
reproduction of the
questionnaire in
THE NATIONAL UN-
DERWRITER. Read-
ers wishing to co-
operate in the survey should mark
their answers and send the tear-sheets
direct to Silverstein & Sherman, coun-
sel and executive directors of AALU,
1120 Connecticut Avenue, N.W., Wash-
ington 6, D. C. and not to THE NATION-
AL UNDERWRITER.

The questionnaire was prepared by
Harold Franklin, manager of Canada
Life at Cleveland and president of
AALU who stated that its purpose "is
to obtain an objective survey of the
replacement problem and to help us
perform a service which is urgently
needed at present." It is anticipated
that the replacement of insurance will
be one of the subjects to be discussed
at the annual convention of AALU at
Chicago next month.

Personal Data Sought

Those answering the questionnaire
are asked in the first section to state
the major city of their marketing area,
how long the respondent has sold life
insurance, whether he is a career life
agent, broker, unaffiliated, mixed
(general and life), part time, manager
or general agent, or other; whether a
CLU, MDRT member, NALU member,
holder of LUTC certificate; amount of
ordinary production in 1960—under
\$400,000, \$400,000 to \$750,000, \$750,-
000 to \$1 million, over \$1 million;
name of major company (this is op-
tional).

The remainder of the questionnaire
is as follows:

State insurance laws generally pro-
vide: "No agent shall make represen-
tations, misleading, or incomplete
policy comparisons which have either
the purpose of inducing or the ten-
dency to induce a policyholder to re-
place existing insurance with new in-
surance."

	Yes	No	Un- cided
1. Do you consider "Replacement" a serious industry problem?	—	—	—
(a) Is it a serious problem in your city?	—	—	—
(b) Is it a serious problem to others in your agency?	—	—	—
(c) Is it a serious problem to you?	—	—	—
2. Have you encountered replacement among your policyholders?	—	—	—

committees.

He joined Life of Georgia in 1934 as
advertising manager, was advanced to
1st vice-president in 1939, became a
member of the board in 1940 and ex-
ecutive vice-president in 1952. He had
wide interests in aviation and amate-
teur sports, having served as chair-
man of Georgia Aeronautics Advisory
Board 1944-47 and as an official of
U. S. Lawn Tennis Assn. During World
War II he organized and directed op-
erations of two contract flight schools
for the air force.

	Yes	No	Un- cided
(a) Among "orphans" in your agency?	—	—	—

If yes:

In general, who seems to institute replacement?

- a. () Competing life insurance agents.
 - b. () Mutual fund or securities salesmen.
 - c. () Client's professional advisers.
 - d. () Dual-licensed insurance and securities agents.
 - e. () Other
3. If you were asked to identify replacers in your area, could you specifically point to:
- a. () Certain agents who seem to make replacement a general practice.
 - b. () Agents closely identified with a particular agency or company.
 - c. () Part-time agents.
 - d. () Agents licensed to sell both life insurance and securities.

4. If you encountered replacement, do you think a complaint lodged with any of the following would help:

- | | Yes | No | Maybe |
|---|-----|----|-------|
| a. With the replacer's manager or general agent? | — | — | — |
| b. With the replacer's company? | — | — | — |
| c. With the insurance commissioner of your state? | — | — | — |
| d. With management of your company? | — | — | — |
5. a. Do you think replacement of existing insurance is always wrong? — — —
- b. Have you ever found it advisable to suggest that a policyholder replace a policy?
- in the same company? — — —
- in a different company? — — —
- c. If Yes:
- Did you obtain necessary information for your comparison from:
- () published statistical material?
 - () the policy?
 - () the issuing company?
 - () other

6. Where you have encountered replacement, what basic appeal was made to the policyholder?

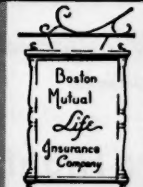
- a. () Better net cost?
 - b. () Change to lower premium plan of insurance to increase protection?
 - c. () More "modern" policy, including new features not available in the old policy?
 - d. () "Buy term and invest the difference"?
 - e. () To avoid transfer-for-value situations?
 - f. () To obtain necessary funds for a new minimum deposit policy?
 - g. () "Released" funds available for reinvestment as a hedge against inflation?
 - h. () Other
7. What is your approximate "persistence" ratio? () under 70%? () 70% - 80%? () 80% - 90%? () above 90%?
8. In 1960, how much of your client's life insurance "went off the books" because of twisting or replacement? Volume—? Number of cases—?

9. In general, the blame for "twisting and replacement" has been placed on the unethical practices of certain agents. Do you think that the life insurance companies have contributed to the problem by:

- a. () Large growth in number of new companies?
- b. () Large growth in number of new agencies and branches?

- c. () Contest for volume leadership among agents and companies?
 - d. () Extension of large group limits?
 - e. () Association groups?
 - f. () "Band rates" or premium discounts for volume?
 - g. () Lack of agent training and field development?
 - h. () High termination rate of new agents, thus creating unserved policyholders?
 - i. () Discrimination of old policyholders by issuing specials as loss leaders?
 - j. () Old non-par policies which do not reflect current interest earnings and mortality savings?
 - k. () Issuance of high early year cash value policies?
 - l. () New policy provisions not available in old policies?
 - m. () Dividend projections which project net costs never yet achieved by the issuing company?
 - n. () Other —
10. Do you think that the policyholder's interests could be protected by new legislation providing:
- a. () Penalties against unlicensed persons who provide insurance advice?
 - b. () Increased power in the hands of state insurance departments?
 - c. () Make agents liable for malpractice under treble damage laws?
 - d. () Make life insurance companies liable for actions of their agents under treble damage laws?
 - e. () Stricter licensing and establishment of professional standards for agents, similar to those required for lawyers and physicians?
 - f. () Uniform state insurance laws strictly governing conduct of agents and companies?
 - g. () Establishment of a federal fair trades commission governing the insurance industry?
 - h. () Immunity for insurance companies under federal anti-trust regulations where the purpose of the industry cooperation was to clear up unethical practices?
 - i. () Requirement that companies would not be permitted to pay any commissions on any replaced insurance to new agent other than those that were still to be paid on the old policy?
 - j. () More severe penalties to the agent for failure to disclose that replacement is contemplated?
 - k. () Requirements that "inspections" must include questioning of applicant regarding possible replacement?
 - l. () Other —
11. Do you think that the industry can solve this problem by:
- a. () Closer cooperation between companies?
 - b. () Educational campaign, by sending all policyholders a standard brochure prepared by the industry?
 - c. () Educational advertising campaigns in newspapers and magazines?
 - d. () Other
12. Any other comments: (Attach separate sheet.)

Milwaukee Assn. of Life Insurance
Cashiers has elected Mildred Clatworthy, Mutual Benefit Life, president; Bernice Slusser, Mutual Benefit Life, vice-president; Rita Brandner, Old Line Life, secretary, and Elizabeth Rheineck, R. M. Forester & Associates, treasurer.



SINCE 1861

A Symbol of Security

BOSTON MUTUAL
Life Insurance Company

156 STUART STREET, BOSTON 18, MASSACHUSETTS

Howell, Prudential Executive, Comments On Josephson Book

(CONTINUED FROM PAGE 4)

least, cannot be assumed to vary in proportion to the size of the policy. This type of expense is sufficient in amount to warrant recognition in the dividends. The fact that the recognition must be approximate, leading to the use of arbitrary size "bands," does not invalidate the principle involved.

Does Raise A Problem

Its recognition, however, does raise a problem. It is a very real one, and it is nonsense to pretend that it does not exist. The small policy is rarely sold in competition; the large one usually is. The effect on surplus of dividend payments on small and medium sized policies is considerable; on large policies it is slight because relatively

few of them are sold. There will therefore be a continual temptation to exaggerate the effect of policy expenses either directly on dividends or through the inclusion of attractive supplementary features in the large policies.

But to make a distinction in cost by size of policy is still equitably called for. Mr. Josephson is more familiar with the operation of the type of company producing a high average policy. He is concerned with what he believes to be a discrimination against the holder of a small policy. In the absence of a size factor in dividends, he might equally well be concerned with discrimination against the holder of a large policy in a company issuing predominantly small policies. Unlike a government, a life insurance company

cannot with impunity help the little man at the expense of the big man. Certainly the affluent are far more likely to bring suit for a dividend accounting than are the needy, and social welfare considerations under these circumstances are not likely to be prevailing arguments in court.

To be fair to Mr. Josephson, it should be pointed out that there could be a philosophy that, in outline, goes about as follows: Life insurance itself is based on the law of averages. Its essence is, that the man who dies early receives more than he pays, and conversely. Why should not expenses be subject to the same averaging process as the risk of death? If the total of the premiums charged turns out to be too high, return the excess by increasing the amount of insurance by a uniform percentage (the English system), or return a uniform percentage of premiums. Let the law of averages take care of the whole works. This was probably the earliest philosophy. Today, it is recognized neither by the courts, the insurance departments, nor the companies. For example, I think even Mr. Josephson would object to the use of averages to the extent of disregarding age in computing premium rates, although time has brought this critic to the point where he is all in favor of discrimination in favor of the aged.

Would Ban Termination Dividends

The above averaging philosophy would certainly exclude termination dividends and similar refinements. The theory of the "pigeon-holders" (Mr. Josephson's terminology) with respect to terminal dividends might be stated as follows: Beginning with about the seventh to tenth year of duration, the assets built up under the various policy classifications tend to exceed the reserves held. The total of this excess for all the classifications constitutes the surplus of the company. Each of these policies has contributed a share to it, and it cannot be returned to the policyholder as long as his policy continues to be in force. On termination, since it has been built up out of the earnings on his policy, it should be paid as a terminal dividend.

I wholly agree with Mr. Josephson that under normal circumstances the

terminal dividend should logically be paid on all types of termination, including deaths. An abnormal circumstance might be if the extended insurance, by reason of anti-selection, was more expensive benefit than a cash payment, or if settlement options were clearly worth more than the cash, but even here I have no strong opinion. I could wish, however, that Mr. Josephson had devoted less space to reporting verbatim testimony on this subject. I also agree that terminal dividend practice is subject to abuse. Under present net cost illustration methods, as Mr. Josephson points out, the maximum improvement in net cost may be obtained at minimum cost to the company by the payment of termination dividends of excessive amount. We need, however, "burn down the bar to kill the rats." Integrity and proper regulation should tend to eliminate possible abuse.

Another Low-Cost Basis

Curiously enough, the next most effective way to produce an apparent low net cost is to devise a dividend scale that is extremely low in the early years of duration, where the number of policies in force is large, graded upwards to produce extremely high dividends at the longer durations. This, of course, would tend to have the same effect on net costs as terminal dividends. However, it is my belief that the tendency among the companies is quite the reverse. For the most part, in my opinion, the companies tend to commence the payment of dividends earlier, and pay higher dividends at the shorter durations, than is warranted by the surplus accumulations under the policies.

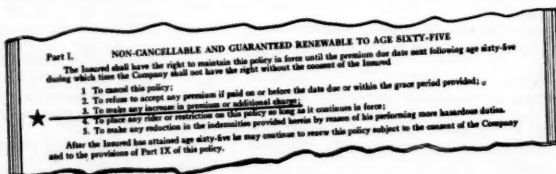
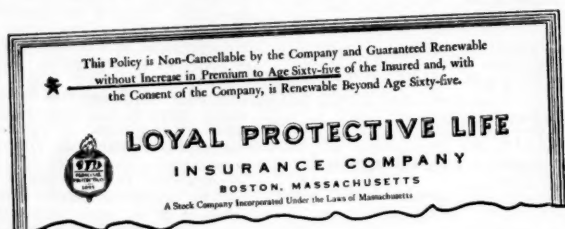
Mr. Josephson is again right when he points out that the present method of presenting future net costs, which ignores the time of payment, and hence the element of compound interest, is questionable. I am frank to say that I know of no really sound solution to the presentation of comparative net costs. I have been quoted, quite correctly, as saying that the present system of projecting dividends, particularly on newly issued plans of policies, has to be only an estimate. We make an honest attempt to make dividends on new plans consistent with dividends paid on existing plans, but new features bring in new hazards which cannot be assessed in advance. And, of course, as is the case with all plans of insurance, the projected dividends are estimates because we cannot predict today what conditions will be in the future. The standard argument for dividend projections used to be competition with stock companies. Today, the mutuals are largely competing with each other. However, we must assume dividend illustrations are here to stay. We must accept the responsibility to use them with honesty and discretion. To show results for 20 years is bad enough; to go to age 65 is worse. Let the next move be in the reverse direction.

Discusses Minimum Deposit

It is in the area of the minimum deposit policy that I find myself in the broadest agreement with Mr. Josephson's conclusions. My objections to minimum deposit policies are just as strong as his, although they are not based on the argument of discrimination by policy size. This discrimination may or may not exist, but I am more concerned with discrimination in favor of policies terminating in the early years. Many years ago the companies indulged in an orgy of deferred dividend policies. Dividends were paid

Hallmarks of Quality

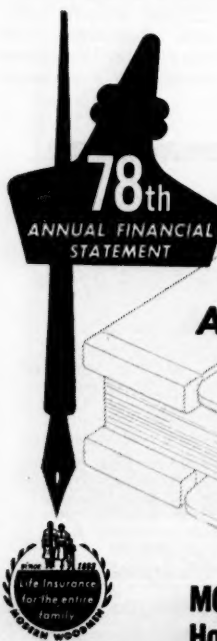
(On page 1 of every individual loss-of-time policy)



★ This guarantees the other guarantees!

Expansion program provides openings for qualified General Agents in selected areas.

LOYAL PROTECTIVE LIFE INSURANCE COMPANY
BOSTON 15, MASSACHUSETTS



For Modern Life Insurance,
It's Modern Woodmen

Annual Report Highlights

Assets total \$224,184,121.92 . . . Interest earned at rate of 4.34 per cent . . . Total investment income, \$9,343,255.38 . . . Ratio of solvency, 116.66 per cent . . . Life insurance in force totals \$654 million . . . \$885 million returned to members and beneficiaries — \$869,270,000 in benefits, \$16,129,000 in dividends.

MODERN WOODMEN of America
Home Office • Rock Island, Illinois

... logically ...
... termination, ...
... formal circum-
... extended insur-
... election, was ...
... than a con-
... options were ...
... the cash, ...
... long opinion ...
... Mr. Joseph ...
... to report ...
... this subject ...
... dividend prac-
... Under presen-
... hods, as ...
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... to the compa-
... mination div-
... We needn't ...
... e bar to kill ...
... proper regu-
... nate possi-

Tontine Policies Reversed

Now minimum deposit policies, with their high early cash surrender values, in a real sense, tontine policies in reverse; that is to say, the higher the surrender rate in the early years, the less surplus available for continuing policyholders. This is admitted by the actuaries, who point out that minimum deposit policies have a slightly higher net cost because of this feature. Personally, I believe it extremely unwise to base projected dividends on any element so volatile as the rate of surrender. As stated before, the accumulated funds, on the basis of present dividend scales, may be less than the full reserves for a period of several years or more, and the surrender of policies providing values equal to the full reserves during this period involves a loss to continuing policies. A first-class recession, with its inevitable increase in the rates of surrender, could make present dividend estimates for these policies look pretty silly. High loan and surrender values are very attractive features under today's methods of selling insurance. They could prove very embarrassing, as was proved in the past, at a time of extreme financial stringency. Maybe this will never occur but the only remark that strikes me as being more idiotic than "It can't happen here," is "It can't happen again."

Embarrassment may not even be deferred pending a major recession. Reported litigation indicates that the Treasury Department is not happy about the minimum deposit policy when used as security for a loan. Changes in the law affecting the deductibility from income tax of policy loan interest might well result in heavy surrenders of this type of policy, with resulting unfavorable results on dividend scales. Also, no income tax treatment can be devised affecting only these policies, so that the result may well be to penalize all holders of life insurance policies who have made policy loans, without respect to the circumstances under which the loan may have been made.

Queries Lack Of Criticism

There is one development, closely related to the minimum deposit policy, that Mr. Josephson did not criticize. I am really surprised at him. I am referring to the so-called fifth dividend option. No one else seems to object to this sneaky little thing, but I do. It is all very well to show what you hope the policy dividends are going to be in the future. If you are wrong, the policyholder is going to have to pay more for his insurance, which, of course, he won't like. But to give him the impression or, in many cases, salesmanship being what it is, to give him the conviction that he will be insured for a long period for the difference between the face of his policy and its cash value without additional payment over the premium on his part, is something quite different. Hitherto, in a depression, experience has shown that one of the things that most comforts a man is his life insurance. He is not going to think any better of it when he sees his protection dropping away because we must reduce our dividends.

Finally, the author seems to indi-

cate that with the developments he criticizes in full swing, the pigeon-holders have reached their ultimate. I have news for him. An effort is being made by the life companies to give group pension policyholders much the same treatment they would receive in a pension trust, but without actual segregation of assets by the insurance company. If this effort succeeds, as I hope that it will, the question must be answered as to whether or not similar treatment should be extended to individual life insurance policies.

If this extension should involve a variable interest rate by years of issue and duration, then I must say that here is the point where I join the "averagers." Such a variable interest rate would not only destroy the slender excuse we now have for projecting dividends, but would present complications that stagger the imagination. Nor do I believe it necessary in order to achieve consistency. A justifying but very rough analogy is the trust department and the saving bank division of a commercial bank which, of course, have very different arrangements with respect to the apportionment of interest.

Competition Is Strong Push

Finally, the fact should be faced that even a basically unsound feature, if it is an important element in competition, will almost inevitably spread in some form and to some extent to those companies whose managements view it with distrust and dislike. It is all very well for the actuary to hand down a sound but unfavorable verdict; his livelihood is not likely to be affected thereby. The man in the field who loses prospects otherwise his and who has policyholders surrendering or lapsing their insurance for competing company products, and the agency manager who has lost good agents in whom he has invested time and money, are the people, aside from the policyholder himself, who are really hurt. A company cannot always be blamed, therefore, if it takes into consideration these factors before charting its course.

Another Excellent March Reported

North American Life of Chicago reports March individual life sales totaled \$10,519,948—a single month record for the company and 22.3% over March, 1960. Life applications also set a new one month record—up 17% and over a year ago.

MARIE...JOE SALESMAN'S AIDE de CAMP



"Thanks for the 'bonus,' boss. Tomorrow I think I'll have another sure prospect for the Anico Double Protection Policy."

Anico's Double-Protection-to-65 Plan is a sure seller when the need for protection is high and money for premiums is low. "Quantity discount" too. Lower net cost than term saves on the premium; double protection to 65 and reduces when the need normally diminishes. One of many hot Anico competitive plans. (Top Anico commissions, as usual.)

American National
INSURANCE COMPANY
HOME OFFICE: GALVESTON, TEXAS

Openings everywhere in territory for Representatives, Brokers and Special Brokers. Inquiries will receive prompt, confidential replies. Address: Coordinator of Sales.

OVER 5½ BILLIONS OF INSURANCE IN FORCE



FEDERAL LIFE INSURANCE COMPANY 6100 N. Cicero Avenue, Chicago 46, Illinois

■ During the hustle of our modern marketing age, have we placed insurance into the hopper of "hard sell"? Are we classifying our product with TV sets, new cars, air conditioners and other luxury items of life. ■ If so, are we overlooking the strongest appeal that insurance has... that it is a basic necessity of family living. Consider the unavoidable expenses of clean-up fund... family existence... education of children... retirement! ■ These are the needs that only insurance can meet. At Federal, we meet this challenge by tailoring our programs to meet these basic needs. For details write Emery Huff, Agency Vice President.

A few prime managerial positions still available in the Midwest area.

VA Aimed At Immunity From Insurance Law

(CONTINUED FROM PAGE 1)

cey Waddell, chairman of the New York City investment firm of Waddell & Reed.

The SEC registration for the sale of stock in United Variable Annuities Fund Inc., is for 2½ million shares of \$1 par value stock. The price to the public is \$10 a share, of which underwriting commissions will take 85 cents a share, leaving a net of \$22,875,000 for the fund. This return is based on all shares being sold in single transactions involving less than \$10,000, since there is provision for a lower price in larger lots.

United Variable Annuities Fund Inc., will operate like any other mutual fund, with one exception. It will have an option permitting the holder of the shares under certain circumstances to turn his shares over to a trustee, called the United Variable Annuities Trust Fund, and in exchange the trustee will give the investor a United Variable Annuity contract.

These contracts will be sold by the trustee to the general public and also issued in exchange for the shares. The assets of the trust will consist of the shares of the fund and of any uninvested cash. The contract is similar to participating income plans issued by the investment companies operating under the investment company act of 1940.

Participating Income Plan Used

A participating income plan is used to sell mutual fund shares on the installment basis. Under such a plan, a loading is deducted for sales charges, which usually go to the underwriter. In addition, there is a relatively small

charge, not to exceed \$2 for each payment, that is used as an expense charge for operating expenses. The balance or net purchase payment is then invested by the trustee, and the participant or investor is given credit for a number of accumulation units equal to the net amount of his purchase payment divided by the current value of an accumulation unit. He thus builds up on the books of the trustee an account in accumulation units.

On an annuity starting date which is within his control, he can elect to have settlement in accordance with one of the following variable life annuity options: a straight life annuity, life annuity with payments for 10 or 20 years certain, or a last survivor annuity, continued either in one-half or the full amount to the second annuitant. If he dies or withdraws prior to the annuity starting date, the amount payable is the cash amount equal to the number of accumulation units to his credit multiplied by the value of one accumulation unit at the time.

Regulated As A Mutual Fund

From a tax standpoint the fund is treated as a regulated mutual fund, which means that it pays out all of its income every quarter and hence there is no federal tax paid by the fund, it being treated as a mere conduit. The trustee receives this income as dividends on the fund's shares.

The trustee accumulates all the income, both during the pay-in and the pay-out stage, and pays taxes as if it were a corporation. In other words, it is treated as a corporation for tax purposes. Being thus treated, it is entitled to an 85% dividend credit, which

Frank P. Samford Sr., chairman of Liberty National Life, cuts the first piece of a cake in ceremony commemorating the company's attainment of \$2 billion of life insurance in force. The cake-cutting ceremony took place at a party honoring the Oneonta district agency at Birmingham.



means that it pays a tax on 15% of its income plus capital gains taxes on all capital gains realized and included in the dividends from the fund.

Taxed Like A Life Company

Thus, the trust would be taxed approximately the same amount as a life company. It would however, have to invest primarily in stocks in order to get the dividend credit. If it were to invest altogether in bonds, the tax would be prohibitive under the general corporate tax of 52% on all interest income.

From the standpoint of the individual, the tax treatment is precisely the same as if the investor received a variable annuity from Equity Annuity Life or Variable Annuity Life or from a non-life company, such as the College Retirement Equities Fund, or from a pension trust. In all instances the annuities are treated for tax purposes the same.

If the plan is successful—that is if it is cleared by various regulatory agencies—there is no reason why life companies cannot form a management company and operate their variable annuities department by using this legal machinery. Today a number of life companies are operating mutual funds as running mate organizations.

It is expected by the proponents of the plan that this type of variable annuity will be regulated exclusively by the Securities & Exchange Commission and the local "blue sky" commissioners. In the U.S. Supreme Court decision in SEC et al vs Variable Annuity Life et al, the court decided that variable annuities written by life companies came under the jurisdiction of the SEC notwithstanding the fact that they had a number of insurance features, including certain term insurance benefits, waiver of premium benefits, guarantees of mortality, guarantees of expense, etc.

No Insurance Elements

In the United variable annuities program there are none of these insurance elements. That is, there are no guarantees of mortality or expense, and there are no typical insurance features. There are no indemnity or guarantee arrangements of any kind, and there is no company (or even trustee) that assumes any risk directly, like an insurance company.

The general legal problems involved in this type of contract were treated in a law review article appearing in the Georgetown Law Journal, summer issue, 1960, by Mr. Johnson.

Further details of the new contract will be reported in next week's issue.

Advanced Health Seminar To Be Held At Purdue

An advanced health insurance underwriting clinic is being conducted April 19-21 by the Purdue Institute

in cooperation with International Association of Health Underwriters.

Speakers and their subjects Wednesday will be Bruce Gifford, managing director of IAHU; Ralph K. Lindner, New York, insurance company consultant, "Programming Health Insurance;" Robert W. Osler, president Underwriters National, "Integrated Programming of Life and Health Insurance;" and Edwin B. Thurman, manager of advanced underwriting, Continental Assurance.

Appearing on the program Thursday will be William Harmelin, Continental Assurance, New York, "Business Uses of Health Insurance;" "Disability in Buy-out," and John R. English, Chicago regional manager of Springfield F&M., "How to Sell Health Insurance—Philosophy and Technique." Pasquale Quarto, Research & Review, will moderate a workshop session.

On Friday, M. Herman Adelman, Fidelity Interstate Life, Reading, Pa. will speak on tell "How to Sell Health Insurance" and Carl A. Ernst, North American L&C, director of A&S, will present "A Clear Vision of the Future." Tuition, which includes all supplies is \$75. Inquiries may be made to H. L. Nutt, director, Life Insurance Institute, Purdue University, Lafayette, Ind.

Mass. Assn. Requests Retirement Delay

(CONTINUED FROM PAGE 1)

large companies and more than a few aggressive small ones.

"These are the issues that Lester Schriver has championed for us over the years. Lester Schriver is to thousands of life insurance agents and to many of the public the image of life insurance at its professional best. This is no time to depart from experienced leadership which has proved itself time and time again. Today we need the services of Mr. Schriver perhaps more than ever before. To us he is the symbol of high purpose and vigorous leadership that NALU must have during our entry into this period of great change which is now coming upon our business.

"Therefore, we of the Massachusetts Assn. of Life Underwriters ask that the board of trustees of the National Assn. of Life Underwriters take one more last hard look at the retirement of our executive vice-president, Lester O. Schriver, with a view to seeking postponement of his retirement until a method for smooth transition of executive leadership can be resolved."

New Okla. Life Company

Quaker Life has been organized in Tulsa as a running-mate of Mid-Continent Casualty. President of both companies is Perry D. Inhofe. Quaker Life has capital of \$100,000 and surplus of \$100,000.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

WANTED:

CAPABLE AND QUALIFIED AGENCY DIRECTOR

to produce within his first year a minimum new life premium of

\$100,000.00

If you can convince us that you can accomplish this, and can keep on adding new business, you will be given a salary of

\$15,000.00

AND many other benefits, including a most attractive and profitable incentive bonus.

Many exclusive plans in a modern, competitive portfolio. Domiciled in Connecticut, now licensed in 11 states.

Give details in reply to X-51, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

CONSULTING PENSION ACTUARY

Midwestern firm of consulting actuaries desires man, age 27-35 with several society exams passed and some pension experience, to supervise its employee benefit plan operations regarding pension plan valuations, report writing, plan design. Our employees know of this ad. Write to X-77, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

OVERSEAS AGENTS WANTED YOUR CHANCE TO SEE EUROPE AND MAKE MONEY

A large American, Life Insurance Agency with offices in Germany, France, England, Italy, Spain and Switzerland, selling to American military personnel, their dependents and civilians, has opening for a limited number of EXPERIENCED life insurance salesmen. Several of present agents in Europe selling 2 to 3 MILLION a year. (Those remaining outside of U.S. 18 months or longer enjoy special tax advantage). Accepted applicants will be offered Top Contract, Fringe Benefits, Training and Financing. For further details send complete resume and small photo in confidence to X-52, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AGENCY DIRECTOR AVAILABLE

West Coast, CLU 14 yrs. field and H.O. Age 39. Thorough experience agency building and advanced underwriting. Eight years present company. Seek company with realistic, modern approach to present day underwriting. College grad. Write X-68, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AGENCY DIRECTOR

Excellent opportunity with local Hawaiian company. Mature, aggressive, married man with at least 5-8 years experience in management and supervision. Write X-79, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

LIFE COMPANY WANTED

Large non-insurance company desires purchase medium size stock life company for purposes of diversification. Prefer admission substantial number of states. Will recognize brokers but prefer direct contact with owners. Interested parties please write X-81, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

175 Qualifiers For Manhattan Life Of N.Y. Leaders Meet

A record 175 field men qualified for Manhattan Life's agency conference at Washington, where the Grosten agency, Los Angeles, captured the Manhattan Club plaque for most qualifiers, and the award for volume and premiums.

Other agency leaders winning prizes were Corini, New Rochelle, highest volume; Gillespie, Memphis, highest premiums, and Werner, New York, leading new agency in volume and premiums.

Individual awards went to Julian Barton, Beverly Hills, Cal., most lives; Albert C. Hamlin, Pasadena, Cal., premiums; Philip R. Beninato, New Rochelle, lives and premiums leader among new agents; T. E. G. Greenlund, Pittsburgh, pension trusts; Alex J. Fishbein, Los Angeles, group life, and Clarence Spencer, Trenton, first qualifier.

Regional, National Awards

Regional and one national agency of the year awards were won by Corini, New Rochelle; Fuerst, Pittsburgh; Gillespie, Memphis; Kelley-Baum, Detroit; Fleming, Portland, Ore.; Lau, Dallas, and Jones, Minneapolis, and the Grosten agency, the national award.

At the start of the first educational meeting, Thomas E. Lovejoy Jr., president, was presented with a key to Washington by Francis L. Timmons, assistant secretary of the board of commissioners.

Frederick W. Lohm, vice-president and director of agencies, who was meeting chairman, told why stressing fundamental needs was highly important to success in life insurance selling. He was followed by Anthony V. Rumolo, director of pension trust sales and superintendent of agencies, eastern and southern division, who covered the fundamentals of pension planning. Julian Barton, Beverly Hills, told how he sells to young men.

Opening the second educational meeting was a talk on "Programing Leads to Sales," by Devan W. Read, general agent, Jackson, Miss. Dr. L. Gordon LaPointe, vice-president and medical director, stressed the importance of the part the field man plays in helping to underwrite life insurance.

The use of settlement options in selling was presented under the title, "Free Money Management Service," by eight members of the Grosten agency in a panel discussion set in the office of an advertising agency.

Dividend Scale Raised

Mitchell Dezube, actuary, in a discussion of new developments, said that, effective May 1, the company will increase the current dividend scale 10% on all policies. In addition, the declared rate of interest on dividend accumulations will then be 3.65% and the rate on pension trust conversion funds will be 3.9%.

Orlando A. Corini, general agent at New Rochelle, started the final educational meeting with a presentation of successful sales ideas. Hugh A. Sawyer, general agent at Richmond, discussed selling group life. General Agents E. Donald Fuerst, Pittsburgh, and Bart M. Rogers, Passaic, N.J., covered "Do's and Don'ts of Selling Extra Risk Classification Policies." The final speaker at the conference, G. Rowland Collins, dean emeritus of New York University graduate school



At Manhattan Life of New York's agency conference in Washington, winners of one national and several regional agency of the year awards pose with President Thomas E. Lovejoy Jr. Front row, from left, are Arthur A. Baum and Ruth M. Kelley, Detroit, Mr. Lovejoy and Richard M. Grosten, Los Angeles, the national winner. Back row, from left, are M. Keith Fleming, Portland, Ore.; Richard A. Lau, Dallas; E. Donald Fuerst, Pittsburgh; Jack W. Gillespie, Memphis; Orlando A. Corini, New Rochelle, and Samuel J. Jones, Minneapolis.

Gravengaard Will Discuss Selling To Businesses At Wilmington Sales Congress

H. P. Gravengaard, vice-president of the National Underwriter Co. and executive editor of its Diamond Life Bulletins department, will be the speaker at the luncheon of Wilmington Life Underwriters Assn.'s sales congress, April 26. The subject of Mr. Gravengaard's speech will be, "Ideas That Sell Business Life Insurance."

Mich. Department To Keep Independence Another Year

LANSING—Approval by Michigan voters last week of a proposal to call a constitutional convention sealed the doom of a reorganization plan put forward by Gov. Swainson which would have, barring a legislative veto, merged the insurance department into a new department of financial institutions. The program had been opposed by insurance people.

Senate Republicans, who hold a majority in the upper chamber, decided in caucus, directly after election results were known, to have resolutions offered rejecting the gubernatorial proposals. Under a Michigan statute, the executive is given broad governmental reorganization authority subject only to specific legislative disapproval.

Ohio Health Assn. Slates Sales Congress At Akron

Six insurance notables will appear on the sales congress program April 28 of Ohio Assn. of Health Underwriters at Akron.

They are John J. Plumb, vice-president and director of agencies Paul Revere Life; William B. Cornett, director of A&S Prudential; E. H. O'Connor, managing director of Insurance Economics Society; Paul I. Reichart, executive vice-president Unified Reserve Life of Indianapolis; George F. McConnell, sales manager of Continental Casualty's commercial special risks division; and superintendent Edward Stowell of Ohio.

John M. Forrest, Mutual Benefit H.A., Akron, will be master of ceremonies.

of business administration and a director of Manhattan Life, reviewed domestic and foreign economic conditions.

How 'Giant Brains' Affect Management Analyzed By Slater

(CONTINUED FROM PAGE 8)

mentation necessitated by the machines. As a result of this deficiency, Mr. Slater observed, representatives of middle management very often veto a further extension of the automatic office because of a fear of losing their own jobs.

—A need for new organizational patterns in order to centralize operations within a company and thereby facilitate coordination and control. If management is to obtain the maximum efficiency from automation, Mr. Slater emphasized, the operations of the computer must be permitted to cross departmental or divisional lines.

—The attention of top management. He said the attitude among some top managers who detach themselves from the data processing unit can doom the success of the operation.

—The necessity for a broad range of personnel in computer oriented businesses. Mr. Slater said companies must avoid the dangers of the age of specialization, which happen to be especially prevalent in the field of automation. "Many of the specialists in this field," Mr. Slater said, "are interested only in running computers and in the work done by computers. More than ever we must guard against hiring people who do not have a broad perspective of our particular business and an interest in it, or who cannot be trained to develop such a viewpoint."

Has Moral Obligation

In a summary of social implications caused by the computer in business, Mr. Slater said that management has a moral obligation to make sure that the temporary dislocation of personnel is mitigated.

"In general, we have in our business more work to do than we have people and machines to do it, so we are not suffering from some of the problems faced in the manufacturing business. But we may not always find ourselves in this position and as managers interested in this over-all problem, we have an obligation to analyze the problems of temporary dislocations and to do something constructive about them," he said.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, April 11, 1961

	Bid	Asked
Aetna Life	107	108½
American General	42½	44
Beneficial Standard	25½	26½
Business Men's Assurance	66	70
Cal.-Western States	56	58½
Commonwealth Life	32½	34
Connecticut General	209	212
Continental Assurance	242	245
Franklin Life	106	108
Great Southern Life	79	83
Gulf Life	23½	24½
Jefferson Standard	56	58
Liberty National Life	49½	51½
Life & Casualty	19	20
Life of Virginia	77	80
Lincoln National Life	111	114
National L.A.	143	146
North American, Ill.	16½	17½
Ohio State Life	40	43
Old Line Life	63	69
Republic National Life	47	49
Southland Life	96	101
Southwestern Life	77	80
Travelers	117½	119½
United, Ill.	44	46
U. S. Life	63	65
Washington National	57	60
Wisconsin National Life	32	35

Wabash Life of Indianapolis has declared a 10% stock dividend for stock of record April 20.

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Available approx July 1, 61 — 4700 sq. ft.

(Net Usable) New Modern Bldg with ample parking. Ideal in town location in fast growing, centrally located Orlando.

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CAN YOU PROSPECT?

Do your prospects come directly from your own effort, ability and imagination? Can you show others "how to"?

CAN YOU TELL A CONVINCING SALES STORY?

If you're doing well right now with what you've got, you'll do better with our proven competitive merchandising plans featuring sound life plans and the most modern and competitive A&S portfolio in the industry — and the premium payment plan of the future, Check-O-Matic. Can you inspire and show others "how to"?

CAN YOU COMPETE?

Do you thrive on competition with others? More important, do you compete with yourself? Can you instill this spirit in others?

DO YOU REALLY WANT TO EARN MORE MONEY?

Do you want to earn top dollars present and future — for your own personal "know how" and for your ability to show others "how to"?

HERE'S YOUR ANSWER:

Highest lifetime service fee in the business for the career underwriter — fully vested renewals for 9 years — top 1st year commission on par and non-par policies — agency office allowance — non-contributory pension plan — operating capital for new agents.

Write, Wire or Phone Immediately.

FRANK L. BARNES, President
HOWARD W. KRAFT, Vice President and Director of Agencies

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Insurance Company

COLUMBUS 15, OHIO

Licensed in: Ala., Ariz., Calif., Del., D. C., Fla., Ga., Ill., Ind., Iowa, Ky., Md., Mich., Minn., Mo., No. Car., Ohio, Pa., Texas, Va., and W. Va.

FIELD GUIDANCE AS NEEDED

A demonstration, in part, of Fidelity Mutual's interest in the personal well-being of each individual representative is its Agents' Seminar Program — a giant step beyond the usual field orientation.

Each year, groups of new agents are brought to the Home Office in Philadelphia for a week of training and intensive discussion on the subjects of most importance to the newer agent.

These seminars play an important role in accounting for the high calibre, high morale, and high degree of success of our Field Force.



The FIDELITY MUTUAL LIFE Insurance Company
ON THE PARKWAY AT FAIRMOUNT AVENUE • PHILADELPHIA

District Men Honored By John Hancock

Fort Lauderdale district agency men accept John Hancock awards for 1960 production leadership. Receiving their trophies and congratulations from Byron K. Elliott, president, right, and Frank B. Maher, senior vice-president, left, are Paul Cocuzza, the company's leading district agent, second from right, Sylvester M. Murano, who placed second among assistant district managers, center, and Joseph E. Keefe, manager, whose agency won the vice-president's citation for second place in the development of a new territory.



More than 500 of John Hancock's district agency production leaders, including eight million-dollar agents, were honored at the company's annual president's club meeting in Washington.

According to Frank B. Maher, recently elected senior vice-president, district agencies, and a director, district agency sales for the third consecutive year exceeded \$2 billion.

Company speakers at the meeting included Byron K. Elliott, whose talk was a plea for every American

citizen to accept the responsibility for the preservation of national freedom. Mr. Maher and George B. Thompson Jr., vice-president, district agencies. Other speakers were Jacques Megret, chairman of insurance classification life sales, of Life magazine, who discussed the "Market of the 60s," Ralph G. Engelsman, New York sales consultant and former Penn Mutual general agent there, who discussed "Selling in the 1961 Market," and Walter Smith, Metropolitan Life, Rutherfordton, N.C., whose talk was titled "Your Problem Is You."

Mr. Maher presented President Elliott with a scroll containing the special writings of the district agency organization for the first 10 weeks of 1961, which totaled \$401,432,470.

Cocuzza Leads District Men

Paul Cocuzza, Fort Lauderdale, was honored as the company's leading district agent, with \$1,607,122 of new paid-for business in 1960. Philip Savva, Hartford, a \$1 million producer, was second. Leading assistant district manager was Frank J. Senatro, Hartford, with staff sales credits of over \$5 million, and runner up in this category was Sylvester M. Murano, Fort Lauderdale.

The Trenton district agency, Frank A. Crecca, manager, won the president's trophy with over \$9 million of new paid-for business. The vice president's trophy for leadership in group sales went to the Motor City Detroit, district agency, Kenneth I. Strang, manager. The president's citation for the leading regional territory was presented to Leonard Vecchiola, east central regional director. The president's class K trophy for outstanding achievement in developing a new territory went to the Norfolk district agency, Nicholas R. Montalto, district manager.

De Witt Speaks At Travelers Meeting

(CONTINUED FROM PAGE 2)

during the conference by James C. Smith, vice-president, who said, "Much progress has been made in underwriting this past year. We are now attempting to offer a policy to practically everyone who applies for life insurance, thereby reducing our rejection rate to one or one and one-half persons out of every 100 who apply to us. In order to do this, we will naturally have to issue more substandard contracts, but I am sure you will agree that making a substandard offer is better than telling one of your clients that he has been rejected."

Mr. Smith explained several new forms of coverage that would be available in the near future. One of the major changes is that Travelers is raising to 4% the rate at which the company will discount premiums paid in advance, effective immediately.

Vice-president George H. Shackelford discussed "The Trilogy of Responsibility," outlining the inter-responsibility of the company to the agent and the agent to the public.

Western Of Helena Passes \$500 Million In Ordinary

February sales of \$9 million enabled Western Life of Helena to pass the half-billion-dollar mark in ordinary insurance in force. Business for the month was 8% ahead of last year.

Incorporated in 1910, the company did not reach \$200 million in force until 1951. By the end of 1959 it had attained \$400 million, and the present figure, achieved in little more than a year, is \$502,653,957.

Combined ordinary and group in force totals \$588 million.

Goes Over \$100 Million In Force

Catholic Knights of Wisconsin reports it went over the \$100 million life insurance in force mark last year. Premium income and assets also were over their 1959 levels. Paid for life insurance this year is currently running 12% ahead of last year.

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Consultants to Business

Loans On Mutual Funds Pay Premiums

(CONTINUED FROM PAGE 1)

in the future as it has in the past, the calculated amount can be borrowed each year without exhausting the fund before some agreed-upon date, such as 20 years hence or perhaps age 65.

Borrow \$500 A Year

Suppose the future period selected for the past behavior of the fund shares are such as to indicate you can borrow \$500 a year against these shares. That, plus the \$300 a year you borrow against the annual purchase of mutual fund shares you are making, is \$800. With that, you buy whatever amount of ordinary life \$800 will purchase at your age and in the company selected. This insurance is not financed.

Suppose at your age the \$800 buys \$25,000. So you have that, plus \$45,000 of protection left in the old policy (assuming no fifth dividend option) or \$70,000 of protection in the policies. Then there is the \$5,000 in mutual fund shares bought with the old policy's cash value, plus \$600 in fund shares bought with the difference between the former \$1,000 premium and the \$400 cost of paying for the old policy on the minimum deposit basis. That makes a total of \$75,600 in insurance and fund shares.

From that you subtract the \$500 you borrowed against the \$5,000 in mutual

fund shares and the \$300 you borrowed against the \$600 purchase of mutual fund shares, leaving \$74,800 as the total value of the insurance and fund shares in case of death at that point.

It will be seen that the plan combines the tax-shelter appeal of minimum deposit insurance plus the cost reduction that will occur if the selected mutual fund shares continue to increase in value as they have in the past. This makes a powerful combination.

Critics of the plan wonder if most buyers adequately understand the set-up so they can see where they would come out if the fund shares fail to perform in the future as in the past. Would the buyer be likely to find himself so overextended that he would regret he had ever heard of the idea?

Can Salesmen Be Controlled?

Another source of concern among observers in the life insurance business is whether the operators of the plan can keep sufficiently close control over their salesmen to make sure they keep the policyholder's interest paramount. For example, instead of putting the old insurance on minimum deposit, it would be more profitable for the salesman to suggest dropping the old insurance and buying a new policy equal to the old and the new insurance.

Another chance to make the buyer's interest secondary to the salesman's commission would be in the mutual fund share purchase plan recommended. There would be a strong incentive to recommend a contractual plan, with a heavy "front-end load" and high immediate commissions, rather than the kind of sale that is a one-time proposition and carries a sales commission of around 8½%.

The appeal of the plan is so great that many people in the life business are concerned about the aftermath if the plan's promoters don't exercise extraordinary efforts to control their salesmen. This may necessitate a more tightly-knit sales organization than would be needed in the usual type of mutual fund or life insurance agency.

It's 10th Record Year For LOMA Institute Enrollment

Total enrollment, the number of new students and the number of examinations to be taken by students in Life Office Management Assn. Institute significantly increased for the 10th consecutive year.

This year 15,439 students from 524 companies and organizations registered for 26,357 examinations, against last year's previous record number of 14,219 students, 484 companies and 24,845 examinations. New students enrolled totaled 6,557, a gain of more than 7%.

Examinations will be held during the week of May 1, and it is expected that the results will be released to the companies by early August.

Occidental Of Cal. Leaders

Ben Rocca Jr., San Jose; Reuben Schafer, Toronto; and George C. Moore, Santa Monica, were Occidental Life of California's top agents in 1960. Mr. Rocca, with the Shipley-Carlson agency, led the 3,500-man field force in paid life premiums. General Agent Schafer for the fourth consecutive year was first in paid life volume with \$5,442,342. His total figure for the past four years is nearly \$21 million. Mr. Moore, of the R. D. Moore agency, led the company in new A&S premiums.

Robert B. Nathan, Equitable Society agent at Chicago, receives the president's trophy for having led in 1960 production from S.A. Burgess, agency vice-president. Presentation took place at the company's annual conference for leading producers. Mr. Nathan's 1960 production was more than \$5 million. He also captured the trophy in 1958.



Equitable Society Has New Family Income To 65 Plan

(CONTINUED FROM PAGE 2)

not represent any change in our philosophy of stressing the sale of permanent insurance and its value to policyholders. Instead, we are accomplishing the sensible objectives of providing maximum protection when family responsibilities are greatest and emphasizing paid up values later in anticipation of retirement."

The conference, the fourth of its kind, had 230 agent qualifiers, each

S. F. A&H Managers Elect Nietschmann Head

W. J. Nietschmann, Continental Casualty, has been elected president of San Francisco A&H Managers Assn.

S. R. Farley, of Rathbone, King & Seeley, was named vice-president and Clark Lyle, Hartford Fire, secretary.

with \$1 million or more in production credits, and 33 managers, each with three or more \$1-million producers qualified.



Always Open

To all the men in the field — general agents, special and all agents — the doors of the home office executives are always open.

Personal visits, phone calls, letters with suggestions are very welcome at "headquarters".

The open door policy is our "way of life" at Old Line Life, enabling you to get to know management in every

phase of our organization.

Our active, "one big family" organization offers an exceptionally profitable future to men qualified as general agents who wish the stimulating experience of associating with our "fast moving" company.

For more information write

Forrest D. Guynn, President

R. J. Kohlruss, Director of Sales, Accident and Sickness Division

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REX M. HODGES

One of our leading producers since signing his Franklin contract eight years ago, Rex Hodges has shown gratifying earnings records year after year. Here are his earnings as reported to the Internal Revenue Department.

1953	\$ 7,474.75
1954	14,303.10
1955	24,991.80
1956	29,406.82
1957	31,659.66
1958	25,482.80
1959	31,639.47
1960	30,808.41

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IN
MASSACHUSETTS
Write: Franklin Life
10 Kenmore Street
Boston, Mass.
Telephone CO 7-5657

I sought opportunity!

Columbus, Georgia
February 16, 1961

Mr. Francis J. O'Brien, Vice President
The Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

Some eight years ago I signed my "Declaration of Independence," when I became a Franklin representative! I was seeking the opportunity to better provide for my loved ones, and earnings that would not be governed by my age and experience.

Starting at age 25, I realize that I could have achieved few of my personal objectives had I not had the full help, cooperation, and encouragement provided by you, and all the other wonderful people in the entire Franklin organization. The merchandise available to the Franklin agent, through our "Specials," is the true key that will open any door. One need only adopt the philosophy of President Becker, "Specialization Spells Success," and positive results are assured.

Financial stability, however, has been only one of many results of our happy association. As I consider the close personal contacts with our Home Office, and think of the many other blessings that have been mine through these years, I am most grateful for the opportunity offered me by the "Friendly Franklin." Ours is truly an "Agent's" Company!

I cannot help but add, in closing, that my greatest reward in my association with Franklin, has been the warm, understanding friendships that I treasure throughout the entire Franklin organization. These are pearls beyond price, and I shall always be grateful.

Sincerely,

Rex M. Hodges

An agent cannot long travel at a faster gait than the company he represents



The Friendly

FRANKLIN LIFE INSURANCE COMPANY

CHAS. E. BECKER, PRESIDENT

SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

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